

US Slaughter

324,000 Monday
462,000 Year Ago

Daily Prices

Iowa/S. MN. \$81.39
W. Corn Belt \$80.65
National \$81.01

ML Signature 5 \$194.70
HyLife (prev. day) \$190.80
TCP/BP2 \$194.70
BP4/TCP4 \$192.01

BoC Rate (Noon) prev. day
\$1.3353 CAD / \$0.7490 USD

Cash Prices Week Ending April 20, 2019

Signature 3 190.74/86.52
Signature 4 188.08/85.31
Signature 5 189.41/85.92
h@ms Cash 186.08/84.41
HyLife 186.52/84.60
TCP/BP2 185.12/83.97
BP4/TCP4 184.89/83.87

Cumulative Top-Up Estimate

\$5.38 CAD/ckg

ISO Weans \$65.86 US Avg.

Feeder Pigs \$97.36 US Avg.

Forward contract prices are lower this morning. US cash markets continue to climb higher despite a slight backing off from the exceptional strength seen earlier. Typically, the spring/summer rally develops near week 16 and considering that the market is now in week 17, the spread between the current cash and the historical values are starting to narrow. However, the earlier (and larger) spread can be attributed to an earlier-than-normally seen spring run up and current cash is still about 27% higher on average than history while modelling suggests another 30% or more could be realized by the summer timeframe. Western Corn Belt cash values are now at or near the summer highs seen in 2015, 2016 and 2018. Daily slaughter yesterday came in at 'only' 324,000 head and last week's levels were 1.7% lower than last year but this is a function of reduced capacity over the Easter holidays. Lean hog futures turned lower for the first trading day of the week yesterday and significant weakness was seen in the June contract which closed limit lower by the end of the day. The July and August contracts were \$2.50 USD/cwt lower (or more) at the close. The ongoing volatility is expected to be a feature of the futures markets until much more certainty can be discovered. For now, the market sees the potential fundamental picture to be very bullish provided North America stays free of ASF. Today's pressure could be coming from a variety of sources including commercial hedgers which are currently estimated to be around 60,000 contracts net short with another 100,000 short attributed to producers suggesting that a lot of hedging activity has taken and/or is taking place.

Canadian delivered forward contract prices are lower this morning. US soybean futures moved lower as planting weather improves in the US, ASF feed related concerns are maintained, and upper limit talk on the amount of beans Chinese buyers can actually take possession of (ASF and Brazil related) are being talked about. There has been no news reported on the development of China/USA trade talks but even if there were any releases, the market appears to be looking a large old crop carry out and wondering if it can be absorbed in time. A large managed-money net-short position suggest the speculators are looking to a bearish market.

US corn futures are lower this morning. A record net-short position (now over 300,000 contracts) and a lack of new export sales last week is weighing on the trade while the nearby contract hovers amid contract lows. Export inspections provided some support coming in at 1.355 MMT against a pre-report estimate of between 800,000 MT and 1.1 MMT but as the USDA suggests 1.1 MMT will be needed to be shipped every week to meet the marketing year estimate goal. This was accomplished in 2018 and while 2015, 2016, and 2017 came close, it would have not met the goal in those years.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			194.18 208.08	209.61 211.37	208.96 215.60	202.38 208.24	196.59 202.17	188.34 199.89	180.76 191.52	180.71 191.55	194.14
Soymeal Wpg/S.Man	448	451	455	454	458	460					

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