

US Slaughter

472,000 Monday
457,000 Year Ago

Daily Prices

Iowa/S. MN. \$80.60
W. Corn Belt \$79.77
National \$81.87
ML Signature 5 \$196.14
HyLife (prev. day) \$193.94
TCP/BP2 \$196.14
BP4/TCP4 \$195.53

BoC Rate (Noon) prev. day
\$1.3456 CAD / \$0.7432 USD

Cash Prices Week Ending April 27, 2019

Signature 3 200.35/90.88
Signature 4 194.53/88.24
Signature 5 197.44/89.56
h@ms Cash 192.53/87.33
HyLife 193.67/87.85
TCP/BP2 189.41/85.92
BP4/TCP4 188.08/85.31

Cumulative Top-Up Estimate

\$4.91 CAD/ckg

ISO Weans \$65.19 US Avg.

Feeder Pigs \$96.35 US Avg.

Forward contract prices are mixed this morning. US cash markets are backing off from their recent strength but still remain amid historical highs for this time of year. The ISM, WCB, and National regions were down by \$0.10, \$0.15, and \$0.56 respectively but are still approximately 23% higher than the seasonal averages. While the market is anticipating stronger domestic demand as grilling season ramps (and supply tightens up), the export market has proven to be less than stellar. A rapid increase in the price of US pork is cited for the most recent export report showing year over year reductions in all the major importing countries; Mexico is down 71%, Japan is down 21%, South Korea is down 27%, and Canada is down 33%. While China will likely need a lot of pork further out, physical deliveries are also lower y/y into the region. Simply put, the current demand profile is weaker than expected and/or hoped for. Lean hog futures have shaken off yesterday's weakness and all offered contracts are trading higher than yesterday's close as of this writing. Continued volatility is expected in the near to mid terms as the ASF situation simmers and pork pipelines are potentially remapped. There is still a lot of hope that prices will remain supported as China grapples with pork shortages and North America can keep the disease out of the region. In the meantime, Chinese buyers do not appear desperate yet and there is talk that Canadian shipments of pork are being disrupted, in part, due to the ongoing diplomatic spat. There are ideas that China may not enter the export market in force until the end of the third quarter/beginning of the fourth and the market will simply have to wait for evidence of this development.

Canadian delivered forward contract prices are lower this morning. Yesterday's Crop Progress report showed the bean plant at 3% complete which was about 2% lower than expectations and 3% lower than the average seen at this time of year. There is much talk about the slow progress of planting in general and weather in much of the major growing areas has been less than ideal. However, analysts are quick to point out that there is a very low correlation between planting progress and final yield or crop quality so as an analytical tool, planting progress is not a very good metric. On the other hand, it does likely correlate quite strongly to the level of anxiety among farmers who just want to get their crop in the ground.

US corn futures are lower this morning. US corn planting was up 9% compared to the previous week coming in at 15%. The number is 12% lower than the progress seen at this time of year on average and is a reflection of the poor weather conditions recently seen. Cool, wet weather and even snow has been slowing progress which has been widely reported on social media. There is currently talk that acres may even be shifted although this is far from consensus and varies depending on the region.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			198.28 203.98	204.29 205.62	199.57 206.97	192.19 198.07	189.00 192.19	178.69 189.07	171.08 181.88	174.04 184.93	157.53 188.79
Soymeal Wpg/S.Man	443	446	451	449	454	457					

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