

US Slaughter

461,000	Monday
455,000	Year Ago

Daily Prices

Iowa/S. MN.	\$82.89
W. Corn Belt	\$82.07
National	\$82.46
ML Signature 5	\$199.70
HyLife (prev. day)	\$194.73
TCP/BP2	\$199.70
BP4/TCP4	\$196.96

BoC Rate (Noon) prev. day
\$1.3457 CAD / \$0.7431 USD

Cash Prices Week Ending May 11, 2019

Signature 3	198.09/89.85
Signature 4	196.02/88.91
Signature 5	197.06/89.39
h@ms Cash	194.02/88.01
HyLife	194.44/88.20
TCP/BP2	197.59/89.63
BP4/TCP4	196.24/89.01

Cumulative Top-Up Estimate

\$4.26 CAD/ckg

ISO Weans \$57.85 US Avg.

Feeder Pigs \$89.74 US Avg.

Forward contract prices opened higher this morning. US cash markets resumed the mixed pattern with ISM up \$0.26, WCB down \$0.32, and the National region up by \$0.22 USD/cwt. The cash market has backed off considerably from the earlier strength when levels were near (and in some cases over) 40% higher than the seasonal comparable. Models showed that if cash markets remained at the same trajectory and followed the historical pattern, summer prices would be over \$100 USD/cwt which still seemed a bit low considering that ASF export demand was believed to provide a boost to the cash markets. Today, cash markets are hovering around 12% higher than seasonal and the same model is showing summer prices to be around the \$90 mark. To be sure, there are expectations on firmer export demand further out with the general expectation that the 'extra' demand will materialize around the fourth quarter and into 2020. For now, the market remains well supplied and the aggressive purchasing seen earlier (thought to be a function of hedging against higher prices and lower supply availability) has backed off. Lean hog futures markets continue to exhibit features of volatility not typically seen at this time of year. Yesterday, the 2019 contracts locked to limit low at the close. Today, the market has completely wiped out the losses seen yesterday and because expanded limits are engaged following a limit move (in either direction), we see that the June and July contracts entered expanded limits higher (!) for at least part of the early morning trade. This volatility is not expected to be pared down anytime soon and while there is talk that presidents Trump and Xi will meet at the G20 in Japan in June, there is an increasing chorus of pundits suggesting the trade deal drama is far from over.

Canadian delivered forward contract prices opened lower this morning. US soybean futures are trading higher mostly on technical repositioning as the fundamentals are not looking supportive. Ongoing China/USA trade developments are pressuring, not to mention ideas that China might not have been able to absorb the old crop volumes needed to reach USDA goals even if the trade dispute wasn't going on. Large estimates for the new crop and big South American crops are pressuring further out as well although some support also comes from the Crop Progress report yesterday showing bean planting to be about 20% behind the five-year average.

US corn futures opened higher this morning. Like beans, US corn futures have turned higher with other commodities after yesterday's pressure that was a function of the fallout from the China/USA trade developments (or lack thereof) that became news on Friday and over the weekend. The turnaround could be the market discovering a bottom but that won't be revealed for a couple more sessions. Crop progress yesterday showed planting was 36% below the five-year average and there is a growing number of analysts that are expressing concern on the slow pace this year.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		205.99 207.25	201.85 204.27	196.15 205.17	187.74 193.68	183.65 188.78	176.19 184.06	172.92 178.20	173.06 186.27	184.58 188.51
Soymeal Wpg/S.Man	425	440	438	444	447	450				

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