

US Slaughter

2.325 mil.	Last Week
2.290 mil.	Year Ago

Daily Prices

Iowa/S. MN.	\$78.02
W. Corn Belt	\$77.51
National	\$83.07
ML Signature 5	\$194.59
HyLife (prev. day)	\$196.59
TCP/BP2	\$194..59
BP4/TCP4	\$198.20

BoC Rate (Noon) prev. day
\$1.3442 CAD / \$0.7440 USD

Cash Prices Week Ending May 25, 2019

Signature 3	200.72/91.05
Signature 4	199.70/90.58
Signature 5	200.21/90.81
h@ms Cash	197.70/89.68
HyLife	197.74/86.69
TCP/BP2	200.83/91.10
BP4/TCP4	197.48/89.58

Cumulative Top-Up Estimate

\$3.66 CAD/ckg

ISO Weans \$52.47 US Avg.

Feeder Pigs \$75.48 US Avg.

Forward contract prices opened lower this morning. US cash markets were lower to start the holiday shortened week with ISM and WCB regions seeing significant weakness amounting to \$3.10 and \$3.55 USD/cwt lower on the day (markets were closed yesterday for Memorial Day in the USA). The National region came in a more modest \$0.51 lower but is likewise under pressure in a move that is counter-seasonal compared to the historical trajectory normally seen at this time of year. Pressure from the cut-out and a lack of fundamental support is, in part, being cited for the moves. Lean hog futures reached limit lows for all the remaining 2019 contracts on Friday while the 2020s were under pressure as well. As of this writing, the nearbys are still under pressure while the deferreds are seeing a bit of recovery. There is some talk that the weakness seen recently in the lean hog futures is due to some fund selling and managed money liquidating long positions. Some commentators have also identified that the weakness seen in the cash market is influencing the futures trade while futures remain at a premium to the cash market that is under pressure. Another thought has surfaced suggesting that while China has made recent commitments to purchase US pork (not to mention taking physical delivery of some as well), the volumes are still far short of what is expected to be needed in the country due to ASF. In all likelihood, the pressure is a function all three of these ideas including others that haven't yet made the press. In the meantime, it is becoming obvious that there is no one clear path forward and the market will likely remain volatile until more certainty can be determined within the trade. Despite these events, the market is expected to recover, but the timing of which is the key issue at this point.

Canadian delivered forward contract prices opened higher this morning. Despite poor weather and an uncertain export trade, the recently big news in the US soybean futures trade regard the uncertainty over the new Market Facilitation Payment (MFP) program that started making the rounds last week. Ideas that the program could still incent producers to plant acreage in an already, arguably, oversupplied market is front and centre of the debate. In sum, while the US government claims they intend not to influence planting decisions, the timing of the release of the very unclear payment structure may indeed do just that.

US corn futures opened higher this morning. Like beans, the market is attempting to adjust to the uncertain trickling out of details on the latest MFP program. Similar concerns have arisen although the US corn market is not saturated to the degree seen in the soybean trade. As seen in beans, the main concern is how the program will influence planting decisions even though there are many farmers who can't even get on the fields due to extreme water levels. Pictures of farmers 'fishing' in what would normally be a corn field are circulating on social media. No planting activity is being reported in areas where it would normally be robust. Comparisons to 1993 are starting to make the rounds.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5			192.55 194.97	188.62 197.11	180.09 186.15	176.00 180.96	170.02 178.18	168.57 172.13	168.56 179.39	179.63 182.65	176.05 177.74
Soymeal Wpg/S.Man	465	463	462	467	469	472					

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