

US Slaughter

476,000 Monday
441,000 Year Ago

Daily Prices

Iowa/S. MN. \$77.12
W. Corn Belt \$76.86
National \$80.40

ML Signature 5 \$191.00
HyLife (prev. day) \$191.41
TCP/BP2 \$191.00
BP4/TCP4 \$192.23

BoC Rate (Noon) prev. day
\$1.3470 CAD / \$0.7424 USD

Cash Prices Week Ending June 01, 2019

Signature 3 192.29/87.22
Signature 4 196.88/89.30
Signature 5 194.59/88.27
h@ms Cash 194.88/88.40
HyLife 194.67/88.30
TCP/BP2 200.21/90.81
BP4/TCP4 199.70/90.58

Cumulative Top-Up Estimate
\$3.60 CAD/ckg

ISO Weans \$43.88 US Avg.
Feeder Pigs \$69.07 US Avg.

Forward contract prices opened lower this morning. US cash markets continue to exhibit signs of weakness with all reporting regions down for the second consecutive day this week. It now appears to be quite evident that the earlier-than-normal spring rally was a bit overdone as buyers aggressively entered the market on ASF-related inflation and supply fears. For now, Chinese buyers have so far failed to materialize in great force and the market is backing off while waiting for the next news on direction. In the meantime, the cut out did post net gains on the day (only picnics were lower yesterday), and the value of the carcass is residing near three-year average levels - but the averages mask the details. Only 2018 was lower at the same time last year going back to 2013 when the data set was first introduced. Bellies came in sharply higher day over day, but again, context matters as the primal has been coming off a counter seasonal move lower. Hams have proven to be a bright spot in the cut out and are at historical highs (excluding 2014). This important primal will be one to watch as it makes up about 25% of the value of the carcass and is an important export to Mexico. Mexico is becoming increasingly important once again as president Trump has threatened more tariffs on the country to leverage movement on the southern border immigration file. Lean hog futures continue to trade under pressure with no real rationale to move higher at this time. China has yet to aggressively enter the US market (despite some commitments and physical deliveries) and pressure on the cash side is also a factor in this marketing environment. For now, the speculation appears to be over but that could change in an instant and the general consensus is that exports will improve at some point; they just haven't to the degree initially expected at present. The weekly export sales report will be released on Thursday morning before the market opens.

Canadian delivered forward contract prices opened mixed this morning. Despite the President's tweets (and possible behind-the-scenes talks), China trade progress (or lack thereof) appears to have exited the stage for the time being. Soybeans are trading a weather market which, depending on the location, is either making some good progress or is facing severe challenges. The national average, nonetheless, shows a slow progress. While the pre report expectation was for 42% this week, only 39% were cited in the report; the five-year average is 75% - last year was 87%.

US corn futures opened higher this morning. While bean progress is not good, corn planting progress is even worse. The pre-report expectation was for corn to come in at 71% planted against the backdrop of a 97% five-year average. Instead, the USDA has estimated planting at just 67% which is the worst on record for the data set. Pictures of rain gauges, muddy fields, and flooded fields are circulating on social media. State by state, the picture is murkier but among the hardest hit are Illinois, Indiana, Ohio, and South Dakota - Missouri, which is normally 97% complete by this time of year, is only at 65% and the flooding in some of that state's regions remains significant.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		188.13 190.43	180.89 188.28	172.38 178.42	168.53 173.48	162.81 170.94	161.36 164.91	162.47 173.28	174.49 176.54	171.83 173.52
Soymeal Wpg/S.Man	485	483	489	492	494	501				

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