

US Slaughter

477,000	Monday
444,000	Year Ago

Daily Prices

Iowa/S. MN.	\$76.03
W. Corn Belt	\$75.55
National	\$79.53

ML Signature 5	\$185.50
HyLife (prev. day)	\$185.92
TCP/BP2	\$185.50
BP4/TCP4	\$187.28

BoC Rate (Noon) prev. day
\$1.3267 CAD / \$0.7540 USD

Cash Prices Week Ending June 08, 2019

Signature 3	189.01/85.73
Signature 4	192.16/87.16
Signature 5	190.59/86.45
h@ms Cash	190.16/86.26
HyLife	189.93/86.15
TCP/BP2	194.59/88.27
BP4/TCP4	196.88/89.30

Cumulative Top-Up Estimate
\$3.52 CAD/ckg

ISO Weans \$38.19 US Avg.

Feeder Pigs \$63.36 US Avg.

Forward contract prices opened higher this morning. Citing confidentiality, the USDA did not report pricing for the ISM and WCB regions yesterday which typically means a low number of purchases would have exposed the actors. The National reporting region came in \$0.33 USD/cwt lower on the day in a trend that has been firmly in place since last week and choppy the week prior. Readers of this column are likely now well aware of the challenges seen in the cash market that are mostly related to the actual demand falling short of the expectations seen in March. As well, a counter-seasonal move in live weights and a carcass weight that is 2% higher than year ago mean the market is well supplied for now. In fact, the largest weekly supply of pork ever seen in June was witnessed last week when pork production was estimated at 517.6 million lbs or 8.8% higher than last year's levels. Packers thusly do not have to aggressively bid to secure supplies. Lean hog futures have backed off their tack upward seen yesterday and are seeing a bit of pressure this morning. Yesterday saw the nearby trade move into expanded limit (upward) territory after seeing limit lows on Friday. Expanded limits are engaged when a futures contract closes at the limit in the prior session; but it doesn't matter if the move is positive or negative in the following session. Therefore, since Friday's close, the June contract prices in USD moved over \$6 USD/cwt in one session since the open. This would normally be considered a somewhat unusual event, but the market has seen this type of move more frequently lately. The action speaks to a trade that is exhibiting features of increased volatility that is not expected to leave in the short term. There are increasing opinions surfacing that China is poised to purchase more pork (as well as other meats) from global sources shortly. Timing will therefore be critically important to consider in making hedging decisions.

Canadian delivered forward contract prices opened lower this morning. Yesterday, traders saw planting progress at 60% against an average expectation of 56% and an 84% five-year average. Today, all eyes will be on the WASDE, Crop Production, and World Markets (grains and oilseeds) reports for direction. Arguably, the WASDE is one of the most watched reports and surprises in the report can be market movers. A shorthand for net health is to look at ending stocks estimates; pre report expectations peg old crop ending stocks at 1.004 billion bu and new crop at 983 million bu. both of which reflecting high estimates relatively speaking.

US corn futures opened lower this morning. Crop progress for US corn is known to be poor and yesterday the USDA estimated planting to be at 83% complete which was exactly in line with expectations but 17% lower than last year (and the five-year average which normally sees the corn crop 100% planted by this time). There are an estimated 16 million acres (!) of US corn left to be planted. Ending stocks estimates ahead of today's WASDE report are coming in at 2.123 billion bu for old crop and 1.917 billion for new crop even amid present concerns.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		191.41 193.33	185.92 191.53	177.85 183.94	174.15 178.09	171.17 178.80	168.79 173.08	167.70 177.28	178.47 180.57	175.52 177.18
Soymeal Delivered Wpg/S.Man	462	460	465	468	471	476				

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