

US Slaughter

478,000	Wednesday
447,000	Year Ago

Daily Prices

Iowa/S. MN.	\$76.72
W. Corn Belt	\$76.56
National	\$79.75
ML Signature 5	\$187.50
HyLife (prev. day)	\$186.38
TCP/BP2	\$187.50
BP4/TCP4	\$188.32

BoC Rate (Noon) prev. day
\$1.3303 CAD / \$0.7517 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 mostly higher this morning. US

cash markets were mixed in the latest round with ISM and WCB reporting regions up by \$1.11 on average with the National reporting region softer by a modest \$0.02 USD/cwt. Other than some suspected regional competition, there appears to be no fundamental rationale for a significant move higher. Slaughter numbers remain up around the 'new normal' which sees the daily kill come in at more than 470,000 and often approaches 480,000 head. Pork production remains high, and the pork cut out continues to struggle to gain traction which is now hovering around seasonal lows going back to 2013 when the USDA started reporting in the current format; the daily carcass saw a net loss of \$1.25 USD/cwt on the day. While exports are significant to pricing in the US hog industry it is also important to remember that the biggest 'consumers' of US pork comes by way of the domestic market. Using the Restaurant Performance Index as one metric of domestic demand health, monthly declines from May indicate at least the demand from the restaurant sector is in decline. This morning's export sales report did show that China committed to another 2,400 MT of purchases at some point in the future, but the amount was just slightly over 10% of the weekly commitments (Australia was number one at 5,000 MT). Physical deliveries of muscle cuts (the weekly report does not include all customs HS codes) showed that China did take delivery of 5,200 MT and it should also be noted this is the largest single-week year to date shipment on record. The market, however, has shrugged off the news as it is increasingly looking like China and the USA are in for a prolonged period of tension and uncertainty. There is news surfacing that President Trump has indicated there are currently no current 'deadlines' for new talks. No one questions if China will need pork or other protein sources due to the production hole that will be left because of ASF related shortages. In the meantime, it does not appear they 1) need it right now and/or 2) are using the USA as the first call.

Canadian delivered forward contract prices opened higher this morning.

When the USDA reduces WASDE acreage estimates in the corn crop at this time of year (as they did on Tuesday), soybean acreage typically creeps upward by a similar amount. This year, that did not happen. There are many guesses regarding 'why', but the consensus is that farmers will not simply switch acreage especially with lingering weather concerns on the horizon. This morning's export sales report showed net sales of 255,900 MT of beans against the 300,000 to 800,000 range of pre-report estimates.

US corn futures opened higher this morning.

Some positive production numbers were revealed in the EIA Ethanol report which saw a drawdown in stocks and the third highest production numbers on record. A little over a third of the US's corn crop is used in the production of ethanol. Net export sales released this morning showed 168,500 MT committed compared to the 350,000 to 850,000 that were expected. Weather remains supportive and unofficial anecdotes and pictures on social media are showing poor plant development relative to other years for the crop that has emerged.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		187.94 189.86	180.31 187.70	171.78 177.91	167.99 171.95	163.99 171.66	161.60 165.91	162.25 171.88	173.07 176.98	172.79 174.46
Soymeal Delivered Wpg/S.Man	479	477	482	484	487	493				

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