

US Slaughter

476,000	Thursday
440,000	Year Ago

Daily Prices

Iowa/S. MN.	\$76.53
W. Corn Belt	\$76.25
National	\$79.37

ML Signature 5	\$186.97
HyLife (prev. day)	\$185.84
TCP/BP2	\$186.97
BP4/TCP4	\$187.72

BoC Rate (Noon) prev. day
\$1.3324 CAD / \$0.7510 USD

Cash Prices Week Ending June 15, 2019

Signature 3	185.01/83.92
Signature 4	187.92/85.24
Signature 5	186.47/84.58
h@ms Cash	185.92/84.33
HyLife	N/A
TCP/BP2	190.59/86.45
BP4/TCP4	192.16/87.16

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. US cash markets are closing the week off with ISM, WCB and National regions all down \$0.19, \$0.31, and \$0.38 USD/cwt respectively. The net result over the course of the week, therefore, sees a decline in the weekly price construction when strength is typically seen into about the first week of July on average. The current weekly US base price is 1% lower than the average price seen at this time of year in the National region and 5% lower in the WCB region. Heavy weights, large weekly slaughter levels, a struggling cut-out, and poor exports to China relative to expectations are all factors weighing on the trade. The lone bright spot this week was news that the USA would not apply tariffs on Mexico as previously threatened thereby avoiding another round of retaliatory tariffs from Mexico, but the information was not bullish; in fact, it appears to merely have prevented the market from becoming more bearish than it already is. On that note, lean hog futures continue to trade under pressure as the market has no rationale to make gains despite the general consensus that the ASF situation is bad, getting worse, and generally out of control. Continued trade tensions and an escalation in rhetoric coming out of China appears to suggest the relationship is deteriorating. For the USA's part, President Trump has said there are no current formal plans to resume official trade talks. ASF or not, China appears to be preparing for the 'long game' and even though week to date exports showed the third highest volumes on record, recent new commitments have been less than stellar considering the 'need' in the country. It is generally thought when cold storage stocks are drawn down, China will be more visible in the global market at a time estimated between the end of this month and the fourth quarter. In the meantime, the market is in a wait-and-see pattern and under pressure amid ample supply outlooks and a weaker than expected demand profile.

Canadian delivered forward contract prices opened higher this morning. While the market continues to trade weather and slow planting progress, there is talk coming out of China that state actors are preparing for a long, drawn out trade war. Unofficial sources cited in some widely circulated publications are suggesting current bean shipments into the country are being put into storage rather than crushed for feed and other uses as was typical. As well, China state purchasers have asked US suppliers to push back July deliveries into August once again raising fears that the loads could ultimately be cancelled.

US corn futures opened higher this morning. The US corn market is closing out the week higher in the last day of trading for the week. A yield reduction in the latest WASDE report, ongoing wet weather, a historically high number of unplanted acres, and large production numbers coming from the ethanol sector are all supportive. Ideas that manage money is long their positions is also adding to the supportive tone.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		188.55 190.47	183.68 190.59	175.13 181.27	171.43 175.40	166.62 174.32	164.21 168.54	164.50 174.16	175.36 178.96	174.76 176.44
Soymeal Delivered Wpg/S.Man	483	481	486	488	490	497				

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