

US Slaughter

2.431 mil. Last Week
2.212 mil. Year Ago

Daily Prices

Iowa/S. MN. \$76.65
W. Corn Belt \$76.20
National \$78.95

ML Signature 5 \$187.27
HyLife (prev. day) \$185.15
TCP/BP2 \$187.27
BP4/TCP4 \$187.58

BoC Rate (Noon) prev. day
\$1.3385 CAD / \$0.7471 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 185.91/84.33
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 lower this morning. US cash markets are steady to start the week with the ISM up by \$0.12, the WCB down by \$0.05 and the National region coming in \$0.42 USD/cwt lower. There is talk that if Mexico picks up their purchase pace relatively soon, the activity could help clear the market of the 'excess' supply that is currently building up in the US due to, in part, the counter seasonally large live weights being processed. Weekly slaughter came in 9.9% (!) higher than year ago adding to the massive amounts of pork being processed over the week. Amid this, the cut out is struggling to make gains so processors are 1) not incentivised to make stronger bids as they protect their margins, and 2) don't have to amid ample supplies. The net result is pressure on the cash markets that will likely be a feature of the market until the positive export demand story that everyone is waiting for develops. To be sure, that demand story involves the ASF problem in China and Southeast Asia that is widely believed to be under reported in China and largely out of control. However, current export activity suggests Chinese buyers, while laying some initial groundwork, have not begun panic buying yet. There are a couple thoughts on this; first, that China doesn't 'need' the pork yet amid good cold storage supply and utilizing other protein replacements, and second, that China is actively avoiding US supplies amid the trade war (and also that they are limited due to the ractopamine ban anyway). The second point is less popular, but the net result is that China simply has not begun actively buying in US markets yet, at least not to the degree that was being anticipated earlier. In the meantime, a waiting game of sorts has developed while traders and market watchers look for the next evidence of Chinese buying activity. Reports of more cases of ASF in China have not recently moved the markets despite new reports still making the news.

Canadian delivered forward contract prices opened higher this morning. US soybeans are going in slow, but not as slow as the progress seen in corn. Estimates ahead of the Crop Progress report released later today are coming in at 80% planted compared to 96% last year and the 93% five-year average. First reporting on soybean conditions (for the beans that have emerged) are expected to be published for the first time this year in the June 24 report (i.e. next week).

US corn futures opened higher this morning. The USDA's Crop Progress report will be published after trading today with the pre-report estimates coming in between 95-96% completed as the estimate. Last year 100% of the crop was planted by last week, as was the five-year average, and market commentaries were more focused on the emergence and condition of the crop by now even if those discussions are a bit premature as related to yield. However, it is generally accepted that yield deteriorates the later planting takes place and with such a large portion of the crop going in late, recent developments (or lack thereof) may have more influence than in other years.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		184.22	178.71 185.54	170.15 176.30	166.69 170.68	162.42 170.15	160.01 164.35	160.48 170.18	171.38 175.68	171.46 173.14
Soymeal Delivered Wpg/S.Man	484	482	487	490	493	500				

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