

US Slaughter	
482,000	Wednesday
473,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$67.96
W. Corn Belt	\$67.62
National	\$77.46
ML Signature 5	\$173.57
HyLife (prev. day)	\$181.64
TCP/BP2	\$173.57
BP4/TCP4	\$182.57
BoC Rate (Noon) prev. day	
\$1.3278 CAD / \$0.7531 USD	
Cash Prices Week Ending August 17, 2019	
Signature 3	172.65/78.31
Signature 4	191.10/86.68
Signature 5	181.88/82.50
h@ms Cash	189.10/85.78
HyLife	188.18/85.36
TCP/BP2	189.61/86.01
BP4/TCP4	196.80/89.27
Cumulative Top-Up Estimate	
\$2.78 CAD/ckg	
ISO Weans \$21.89 US Avg.	
Feeder Pigs \$38.00 US Avg.	

Forward contract prices opened lower this morning. US cash markets continued the push lower with ISM and WCB down by \$2.57 and \$2.72 respectively while the National reporting region base price was lower by a more modest \$0.30 USD/cwt. The value of the cut out also took a hit yesterday with all cuts making up the majority of the carcass by volume lower on the day. Only butts (+\$1.37) and picnics (+\$0.08) were higher relative to the previous day's price. The decrease in the value of the cut-out squeezes packer profitability, but packers are not motivated to increase bids amid ample supplies. To be sure, supplies aren't as plentiful as first thought with evidence showing slaughter levels are only up by 0.5% compared to the USDA's projections contained in the most recent Hogs and Pigs report. Regardless, there is no scarcity of animals and a decreasing cut out value could have the effect of keeping aggressive bids at bay in the absence of an increase in current demand channels, especially with the expectation that heavier hogs will be marketed soon. Lean hog futures continue to remain rangebound amid the lows. Yesterday's trade gave back all the previous day's gains, not that there was any real momentum to begin with. The lack of fresh information is keeping a clear break to the upside (or downside) in check as the day-to-day news is simply a rehash of the same issues that have been reported in recent memory. It is true that Chinese hog and pork prices are now at record levels, and ideas that high prices could be inflationary will be something to watch. As well, new cases continue to be reported and there is almost no question that the Chinese market will be missing a lot of pork. What China actually 'needs', however, appears to be more elusive. To date, direct export sales to China (while good compared to history) have fallen, arguably, well short of expectations and today's export sales report has shown that physical deliveries came in at 6,900 MT last week. Of note, there were **no** new US pork commitments on this morning's export sales report from China. The market will need to see bigger numbers than that for a solid rally to develop.

Canadian delivered soymeal prices opened higher this morning. Ideas that yields will be lower this year is supporting the market as the Pro Farmer crop tour 'confirms' what many suspect; i.e. that the crop is very behind with mixed observations on crop development as it winds its way through the country. This morning's export sales report showed net sales came in at 25,936 MT which is quite poor and doesn't bode well for future deliveries, but physical deliveries are slightly higher than year ago, and China continues to take delivery of US beans despite the recent escalation in tensions.

US corn futures opened higher this morning. Support comes from the ongoing Pro Farmer crop tour that will wrap up at the end of the week. As in beans, tour observers are finding a crop that is very late and ongoing concerns that an early frost could cause severe damage. Pressure in US corn futures comes, in part, from a weekly export sales report that showed 119,300 in net sales were made for week ending August 15 coming short of the 250,000 to 1,000,000 MT market expectation.

Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #5		145.60 146.73	141.51 143.79	135.40 142.04	134.49 137.19	140.49 150.43	152.27 158.18	156.70 158.73	162.83 166.73	168.89 178.34
Soymeal Delivered Wpg/S.Man	448	451	454	459	459	461				

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