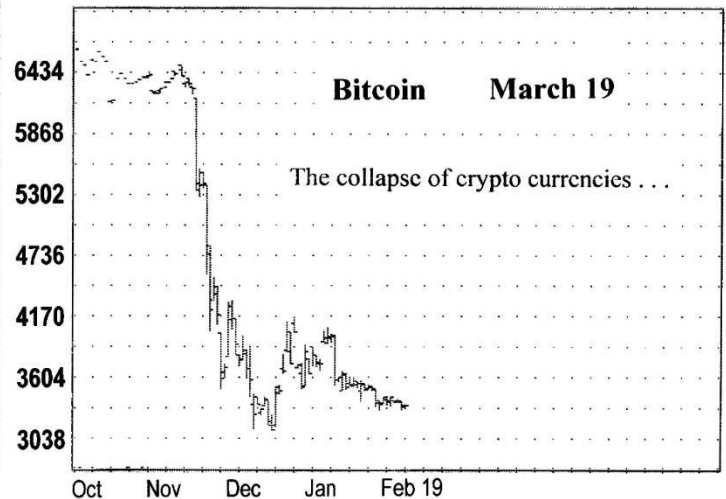
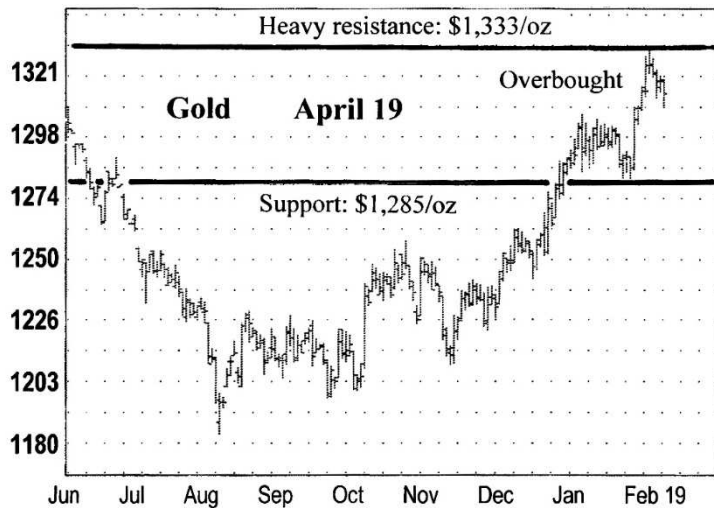


# ProMarket Wire... Thursday, February 07, 2019

## Fat Cattle Bids Slump . . . Baltic Dry Index Fallout . . . China/U.S. No Deal . . . Loonie Swoons

Grain traders appear a little uneasy heading into tomorrow's multi-release of USDA reports. U.S. wheat futures swooned yet again . . . March Kansas City wheat ruptured 14 cents testing a low of \$4.95/bu mid-day. "Wheat traders saw a drop in U.S. export prices this morning. The U.S. continues to have difficulty exporting product due to the high value of the (U.S.) dollar" commented a CME trader. Soybeans also struggled . . . Larry Kudlow's comments mid-morning that the U.S. and China remain far away from a trade deal triggered soybean selling. March soybeans took aim at \$9.10/bu. "The prospects of a U.S. / China trade deal appear to be dimming. Trump is now not meeting with Chinese leader Xi in February" stated a Chicago analyst. Canola bent lower early, then recovered . . . March canola tested a low of \$482/MT but weakness in the Cdn dollar provided modest buying support late day. Our loonie lost more than ½ cent with the March contract hitting an early day low of 75.15 cents U.S. "This is a good week for the loonie to lose steam. This may be what's stopping our canola futures from retesting contract lows" commented a Winnipeg analyst. The cattle board slumped early . . . April live cattle slipped to a low of \$126.62/cwt. Stiff losses in lean hogs appeared to weigh on the cattle board. April lean hogs cascaded to a low of \$59.30/cwt pressured by waning pork cutout values. And stock markets tumbled . . . Worries about the U.S./China war not being resolved triggered selling. "Goldman Sachs now suggests U.S. stock markets may have already seen their highs for 2019" a comment from New York.



**Late Day Financials:** Toronto TSX 15,701 -11      Dow Jones 25,122 -268      U.S. \$ 96.49 +.11  
**Energies and Metals:** Bitcoin Mar 3,335 +10      Crude Oil Apr 53.08 +1.26      Gold Apr 1,314.00 -.40

**Cash Market Snapshot:** Spot Cdn 75.21 dn.52      Mar Cdn 75.26 dn.55      Jun Cdn 75.41 dn.55

**Collapsing Ocean Freight Rates:** Ocean rates for bulk commodities ie: iron ore, coal and grains are in-collapse. Over the past month, the Baltic Dry Freight index has plunged more than 50%. This appears to be a direct reflection of the economic slowdown in China impacting global commodity demand. But it also contributes added deflationary price pressures. Current commodity world is driven by demand, not supply. **COMMODITY WORLD NOW DRIVEN BY DEMAND, NOT SUPPLY. Feedlot Barley Market Update:** Firm tone persists for southern Alberta feedlot delivered barley prices. Picture Butte area feeders currently bidding \$256 to \$258/MT (\$5.58 - \$5.62/bu) for Feb/Mar delivery. For April to June movement, feedlot alley bids are heard as high as \$265/MT (\$5.75/bu) delivered. For central Alberta, feeders appear bidding \$245 to \$252/MT (\$5.33 - \$5.48/bu) delivered for March to June movement. Tightening barley supplies plus approaching roadban season will maintain a strong tone to local barley prices. Again, a brisk barley export pace into Asia has tightened our domestic supplies. Cheaper corn and feed wheat continues to move into cattle rations. **Slumping Finished Cattle Prices:** Cdn fed steer prices have been in-a-dive over the past ten (10) days. In Alberta, fed steers have tumbled a further 6 to 8 cents per lb this week and now averaging \$1.48/lb. Over the past few days, our slaughter prices have dropped 12 cents/lb. **QUICK 12 CENT/LB ALBERTA FED CATTLE BID WASHOUT.** For cattle feeders with short hedges / put options, consider maintaining your price protection. **China / U.S. Trade Deal Prospects:** White House now admitting trade deal may remain far away. This is uneasy news for the U.S. soybean market. Soybeans desperately need a bullish boost from USDA tomorrow or a sharp sell-off lies in-waiting. Stay tuned to 'ProMarket Wire'. **Canola Put Options Again:** Growers note . . . these are protective put options that catch-our-eye for both old and new crop canola price protection. May canola \$500/MT (deep-in-the-money) puts @ \$13/MT. July canola \$500/MT (at-the-money) puts traded for \$12/MT today. November canola \$500/MT (in-the-money) puts may trade @ \$17/MT. Consider keeping your price-guard-up . . . Errol

	Close	Change		Close	Change		Close	Change
Mar Canola	\$ 484.20	- \$ 0.60	Mar Corn	\$ 3.764	- \$ 0.034	Mar Chic Wheat	\$ 5.132	- \$ 0.126
May Canola	\$ 492.90	+ \$ 0.10	May Corn	\$ 3.842	- \$ 0.036	May Chic Wheat	\$ 5.170	- \$ 0.116
Jul Canola	\$ 500.60	+ \$ 0.40	Jul Corn	\$ 3.922	- \$ 0.034	Jul Chic Wheat	\$ 5.216	- \$ 0.104
Nov Canola	\$ 498.60	+ \$ 0.50	Dec Corn	\$ 4.002	- \$ 0.026	Dec Chic Wheat	\$ 5.426	- \$ 0.076
Jan Canola	\$ 503.00	+ \$ 0.70						
			Mar Oats	\$ 2.862	- \$ 0.012	Mar Minn Wht	\$ 5.646	- \$ 0.086
Mar Beanoil	\$ 0.3081	- \$ .0009	May Oats	\$ 2.880	- \$ 0.006	May Minn Wht	\$ 5.680	- \$ 0.080
May Beanoil	\$ 0.3112	- \$ .0008	Jul Oats	\$ 2.876	- \$ 0.006	Jul Minn Wht	\$ 5.750	- \$ 0.072
Jul Beanoil	\$ 0.3143	- \$ .0006				Dec Minn Wht	\$ 5.926	- \$ 0.062
			Apr Live Cattle	\$ 126.825	- \$ 0.325			
Mar Soybeans	\$ 9.132	- \$ 0.084	Jun Live Cattle	\$ 117.150	- \$ 0.075	Mar KC Wheat	\$ 4.962	- \$ 0.130
May Soybeans	\$ 9.272	- \$ 0.084	Aug Live Cattle	\$ 113.875	+ \$ 0.125	May KC Wheat	\$ 5.036	- \$ 0.110
Jul Soybeans	\$ 9.410	- \$ 0.082	Oct Live Cattle	\$ 115.550	+ \$ 0.050	Jul KC Wheat	\$ 5.112	- \$ 0.110
Nov Soybeans	\$ 9.756	- \$ 0.060	Dec Live Cattle	\$ 117.800	+ \$ 0.100	Dec KC Wheat	\$ 5.372	- \$ 0.076
Mar Soymeal	\$ 305.50	- \$ 3.50	Apr Fdr Cattle	\$ 144.875	+ \$ 0.025	Apr Nat Gas	\$ 2.572	- \$ 0.085
May Soymeal	\$ 309.50	- \$ 3.50	Aug Fdr Cattle	\$ 150.075	+ \$ 0.400	Apr Lean Hogs	\$ 59.600	- \$ 1.300

**Tomorrow, several USDA reports are released. 'Strap-in' . . . Watch for them on ProMarket Wire.**

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