

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 10 2018

For details call: (204)235-2237 or visit

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Hog Prices: ↑ Soymeal: ↔

Corn: ↓ CDN Dollar: ↑

Forward contract prices opened mostly higher this morning.

US cash markets are expected to maintain the firm trend that developed last week with positive influence from both the negotiated and formula-based purchase methods despite heavy supplies. While weekly hog slaughter has only broken the 2.6 million hog level once this fall, hog slaughter is averaging close to 4% higher levels compared to last year. However, the domestic market has been the primary destination for the 'extra' production as pork exports from the US are down about 2%. The tariffs placed on US pork from both Mexico and China have taken their toll, cutting into not only the volume of pork being shipped, but also the price. However, other countries such as South Korea, Columbia, Vietnam, and the Philippines have all taken advantage of the lower prices and are buying significantly more US pork than in previous years. Lean hog futures continue to experience a highly volatile trade with significant uncertainty associated with the global pork trade in 2019. Recent developments in the US-China trade dispute suggests that there is potential for the US to capture some new pork sales that may arise due to losses in Chinese pork production resulting from African Swine Fever.

Canadian delivered soymeal prices opened even this morning.

US soybean futures are trading lower to start the week in what is going to be the first of the last of two full weeks of trading before the Christmas and New Year holiday breaks. Markets responded positively to the export number release on Friday (one day late due to the day of mourning in the US) that showed export net sales coming in higher than the upper pre-report estimate. As well, there has been a fair amount of speculative optimism as claims that China would 'immediately' start buying US beans during a 90-day cooling off period have been making the rounds, especially from the US contingent. Of note, China was not a major purchaser on the export report released Friday, and in fact, not even mentioned in the bean summary.

US corn futures opened lower this morning. Like beans, US corn futures have turned lower to start the week after finishing stronger Friday, last week. Unlike beans, the US corn trade has remained comparatively stable even amid the trade spats with China and Mexico (US's number one destination for exported corn). Net sales were down 4% from the previous week but up 26% from the four-year average putting the sales pace at 43% of the USDA's 'goal'; the five-year average for the pace of the goal at this time of year is 47%. In the meantime, market watchers are eagerly awaiting to hear of any news on the status of the steel and aluminum tariffs the USA has levied on NAFTA partners following the signing of the new NAFTA (USMCA in the US, or CUSMA in Canada).

US Slaughter	
2.558 mil.	Last Week
2.541 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$47.17
National	\$58.74
Iowa/S. MN.	\$47.22
ML Signature 5	\$126.82
HyLife (prev. day)	\$138.56
TCP/BP2	\$126.82
BoC Rate (Noon) prev. day	
\$1.3299 CAD / \$0.7519 USD	
Cash Prices Week Ending December 8th, 2018	
Signature 3	117.08/53.11
Signature 4	139.43/63.25
Signature 5 Brandon	128.26/58.18
h@ms Cash	136.68/62.00
HyLife	138.18/62.68
TCP/BP2 Moose Jaw/Langley	130.14/59.03
2018 Top-Up Estimate	
\$6.10 ckg (call for details)	
ISO Weans \$56.76 US Avg.	
Feeder Pigs \$60.89 US Avg.	

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		142.54 148.76	152.04 155.51	153.31 159.09	160.34 167.78	165.30 179.54	180.50 193.58	188.48 191.17	177.52 193.04	159.83 166.97	151.92 155.56
Soymeal Wpg/S.Man	462	462	466	466	473	473					

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