

Hog Prices: ↓ Soymeal: -
Corn: ↓ CDN Dollar: ↑

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 7 2019

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Forward contract prices opened lower this morning. US cash markets are starting the first full marketing week of 2019 stronger and are maintaining the seasonal trend typically witnessed at this time of year. The three-year average shows an approximate 11% rise in cash prices from the first week of the calendar year to about the end of the second month in the first quarter as a general trend. Some years, the 'rally' is higher and/or longer; some years it is not. Regardless, all reporting regions are higher to start the week; the ISM, WCB and National regions were \$0.73, \$0.59, and \$0.16 USD/cwt higher relative to the previous day, respectively. US slaughter came in at 2.262 million hogs and while the number does not reflect the records seen lately, holiday plant schedules were behind the lower values. In any event, weekly kill still came in 7.1% higher than week one in 2018 which also saw holiday plant disruptions. Lean hog futures are taking a more cautious approach to start the first full trading week of the year and are near-steady to start the session. There has been little-to-no movement on the Mexican pork tariff issue, African Swine fever, while getting worse, has had little-to-no impact on US export markets so far, and China/USA relations can likely be described as being as sensitive as ever. In other news, the Canadian dollar has rallied this morning on firming of crude oil and a slight weakening of the US dollar. The net result is lower Canadian forward contract prices at the open.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are maintaining the strength seen last week on continued optimism of a successful end to China/USA trade hostilities, ongoing rumors that China is or is about to buy beans once again, and ideas that the Brazil crop is in more trouble than at first thought. Images out of the Parana region are showing some very stressed crop conditions and are making the rounds online and on social media. The more cautious investor, however, is pointing to recent subsoil moisture levels (for the remainder of the crop not under stress) as well as the idea that a large swath of the Brazil crop is not as stressed as in the Parana region, as rationale for not panicking just yet.

US corn futures opened higher this morning. US corn futures are trading under some pressure this morning as the market awaits fresh news for direction. Unfortunately, the market will have to wait for the January WASDE report that was scheduled for release on January 11 this week. However, the US government shutdown has meant that the USDA will not be able to complete the report and they have issued a statement saying they will announce new WASDE report dates once the government is up and running once again.

US Slaughter	
2.262 mil.	Last Week
2.122 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$49.02
National	\$57.26
Iowa/S. MN.	\$49.26
ML Signature 5	\$128.39
HyLife (prev. day)	\$136.05
TCP/BP2	\$128.39
BoC Rate (Noon) prev. day \$1.3410 CAD / \$0.7457 USD	
Cash Prices Week Ending January 5th, 2019	
Signature 3	115.87/52.56
Signature 4	136.88/62.09
Signature 5 Brandon	126.38/57.33
h@ms Cash	134.88/61.18
HyLife	N/A
TCP/BP2 Moose Jaw/Langley	123.30/55.93
2018 Top-Up Value (unofficial) \$6.51/ckg (call for details)	
ISO Weans \$65.00 US Avg.	
Feeder Pigs \$72.57 US Avg.	

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		142.14 143.02	141.34 146.98	148.65 156.08	161.30 173.60	176.47 189.34	185.19 187.88	175.16 189.19	158.67 165.93	153.05 156.71
Soymeal Wpg/S.Man	n/a due to technical error - serious enquiries please call the office today									

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