

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 27, 2019

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

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US Slaughter

476,000 Tuesday
461,000 Year Ago

Daily Prices

Iowa/S. MN. \$74.35
W. Corn Belt \$74.21
National \$69.20
ML Signature 5 \$173.26
HyLife (prev. day) \$163.45
TCP/BP2 \$173.26
BP4/TCP4 \$164.43

BoC Rate (Noon) prev. day
\$1.3386 CAD / \$0.7470 USD

Cash Prices Week Ending March 23, 2019

Signature 3 145.61/66.05
Signature 4 144.65/65.61
Signature 5 145.13/65.83
h@ms Cash 142.65/64.71
HyLife 146.18/66.31
TCP/BP2 128.64/58.35
BP4/TCP4 134.89/61.19

2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$51.73 US Avg.

Feeder Pigs \$79.30 US Avg.

Forward contract prices are lower this morning. US cash markets continue to exhibit strength as the ISM, WCB and National regions were \$2.90, \$3.71, and \$2.12 USD/cwt. higher relative to the previous day, respectively. Optimism on future demand for pork products in the international markets, some strength returning to the value of the cut out and flooding issues in some areas are all supportive. The net value of the carcass is starting to break out of the recent lows and is being led by bellies and ribs. Lean hog futures have backed off from the highs seen last week but are still at very strong levels. The market is now attempting to reconcile the 'new' information that is coming out where it has been reported that China may buy as much as 300,000 MT of US pork in an effort to help resolve the ongoing trade war. In itself, 300,000 MT represents a volume of pork about twice what was purchased from the US last year and is supportive. In reality, China likely needs much more than that and it is a far cry from the more bullish observers who suggest there isn't enough pork in the world, let alone the USA, to fill the estimated ASF production hole. The situation is dynamic, and the market will likely be volatile until more commitments are made and/or physical shipments start showing up in the export inspection reports. In the meantime, Canadian producers are looking at very good hedging opportunities.

Canadian delivered forward contract prices lower higher this morning. Talk of a lower than expected import demand in China is weighing on the US soybean market despite ideas that Chinese buyers could be soon buying much more US soybeans as promised. The issue is two-fold; over the course of the trade war, Brazil has been the 'go to' market and has supplied China with record numbers of cargoes. As well, ASF is expected to curb feed demand as the country deals with a fatal disease that is curbing feed demand. All combined, there may not be enough room for US old crop beans in the Chinese marketplace. Meanwhile, there is more talk surfacing that planting could be impacted due to recent weather in US growing regions.

US corn futures opened lower this morning. Ideas that China could buy up to 12 MMT of corn (not to mention ethanol) if buyers make good on the promise is supportive. As well, there is talk of planting delays, and potentially, shifting acres, due to cold wet weather in the USA. A trade delegation will be in China this week and the market will be eagerly awaiting news on progress. Volatility is a likely result no matter which news (good or bad) is presented.

Forward Range
(at opening)

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Maple Leaf
Sig. #5

173.42
195.16

201.92
217.74

215.56
217.49

203.67
217.41

192.28
199.28

187.02
190.67

170.49
183.24

168.14
173.55

Soymeal
Wpg/S.Man

452

455

462

461

464

467

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