

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 1, 2019

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

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US Slaughter

2.509 mil. Last Week
2.376 mil. Year Ago

Daily Prices

Iowa/S. MN. \$76.58
W. Corn Belt \$75.20
National \$74.31

ML Signature 5 \$180.23
HyLife (prev. day) \$175.63
TCP/BP2 \$180.23
BP4/TCP4 \$176.26

BoC Rate (Noon) prev. day
\$1.3363 CAD / \$0.7483 USD

Cash Prices Week Ending March 30, 2019

Signature 3 180.08/81.68
Signature 4 164.02/74.40
Signature 5 172.05/78.04
h@ms Cash 162.02/73.49
HyLife 167.11/75.80
TCP/BP2 145.13/65.83
BP4/TCP4 144.65/65.61

2019 Rolling Top-Up Estimate
\$6.95/ckg

ISO Weans \$59.96 US Avg.

Feeder Pigs \$86.96 US Avg.

Forward contract prices are lower this morning. US cash markets are mixed to start the week with ISM and WCB regions down while the National region is up relative to the previous session. Some of the optimism seen over the last couple weeks has faded somewhat, but the market is likely in the seasonal upswing, overall, for now. The value of the cut-out has improved markedly relative to a couple weeks ago and all primals have made gains in a relatively short period of time. However, the value at which they have so far landed has only brought the individual cut-out values to, more or less, approximately trend line levels for this time of year. Recall that all primals were much lower than seasonal for the majority of the first quarter. One cut that stands out, however, is hams which are currently valued over 22% higher than the three-year average at this time. The ham primal represents about 25% of the value of the carcass, so strength in hams has an impact. However, as the US administration appears to get 'tougher' on border control issues with its southern neighbour, the strength could be attributed to pre-border-issue strategic sourcing. The market will simply have to wait and see how the next couple weeks pan out; there is room for the ham primal to move seasonally higher if demand remains constant in the meantime. Lean hog futures, meanwhile, are exhibiting features of a market correction following the exceptional strength seen two weeks ago. While there is no argument that the ASF situation in southeast Asia generally (and China specifically) is very severe, underreported, and likely getting worse, there simply has been no fundamental demand signals developing in the US that would help support the high futures values seen early last week. About the only thing that is certain is that volatility in the lean hog market will likely be a feature of the day-to-day action in the short term until Chinese buyers commit to more US pork and/or start taking delivery.

Canadian delivered forward contract prices opened higher this morning. US soybean futures are recovering after the bearish USDA reports released Friday. For quarterly stocks, soybean stocks at March 1 came in at 2.716 billion bu against a 2.683 billion bu average pre-report estimate and 2.109 billion bu last year. The market expected a reduction in acreage so that was not surprising and prospective plantings for this year are pegged at 84.617 million acres against an 84.3 to 88.0 million acre pre-report range of estimates.

US corn futures opened higher this morning. Like beans, US corn futures are showing some strength to start the week after being weighed down heavily after the release of the two grains reports on Friday. Quarterly Grain Stocks came in at 8.605 billion bu against an 8.335 billion bu estimate while acreage is pegged at 92.792 million acres which was slightly over the upper range of the pre-report estimate showing the market expected no more than 92.700 million acres to be revealed, generally.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		158.05 179.70	186.44 202.20	200.31 202.24	186.67 202.24	175.86 182.30	170.12 173.77	150.55 163.25	148.20 153.59
Soymeal Wpg/S.Man	453	456	463	461	465	467			

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