

Hog Margin Outlook

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Wednesday, April 10, 2019

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

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US Slaughter

475,000 Tuesday
451,000 Year Ago

Daily Prices

Iowa/S. MN. \$75.97
W. Corn Belt \$75.87
National \$78.46

ML Signature 5 \$185.32
HyLife (prev. day) \$184.02
TCP/BP2 \$185.32
BP4/TCP4 \$185.46

BoC Rate (Noon) prev. day
\$1.3316 CAD / \$0.7510 USD

Cash Prices Week Ending April 6, 2019

Signature 3 185.81/84.28
Signature 4 180.15/81.72
Signature 5 182.98/83.00
h@ms Cash 178.15/80.81
HyLife 180.08/81.68
TCP/BP2 172.05/78.04
BP4/TCP4 164.02/74.40

2019 Rolling Top-Up Estimate
\$6.26/ckg

ISO Weans \$61.43 US Avg.

Feeder Pigs \$95.40 US Avg.

Forward contract prices are mixed this morning. US cash markets are once again mixed with the ISM region down \$0.41 while the WCB and National regions are up \$0.19 and \$0.81 USD/cwt respectively. The cash market appears to be levelling off and while not causal, some are citing a slowing, but not dropping, cut-out (noting that primals have been gaining strength recently) and some frustration with the ongoing tariffs in both Chinese and Mexican markets that could be curbing demand profiles from current (potential) purchasers. Trend analysis show that cash markets could improve by more than 30% from now to the typical summer highs, but this year is anything but typical, and cash markets are already 28% higher compared to the same marketing week on average. Lean hog futures reached limit lows yesterday after new highs seen earlier last week. The volatility in the marketplace is expected to be a feature of the trade in the short term with so many variables in play; yesterday's move is thought to be a function of large hedging activity combined with technical repositioning as opposed to any fundamental or speculative change in outlook. The market has recovered and is currently trading above yesterday's lows as of this writing. African Swine Fever is spreading and there was a new report of the disease in South Africa. Now, Africa (the continent) has had ASF for many years and there is no confirmation that this ASF event was introduced into the country of South Africa from a southeast Asian source. However, it does show that reports of the disease are increasing highlighting that it will be very important to monitor all ASF movements.

Canadian delivered forward contract prices opened higher this morning. While bearish, yesterday's WASDE report moved the market very little and there are thoughts the market had largely already priced in the numbers despite the departure from pre-report estimates seen yesterday. Beans were more neutral compared to corn and came in at 895 million bu in ending stocks compared to a 845-935 million bu range of estimates. The number was lowered 5 million bu compared to the March report.

US corn futures opened higher this morning. The USDA's April WASDE report was comparatively more bearish for the corn market that has since recovered from yesterday's post-report pressure. The market was expecting between 1.870 and 2.135 billion bu in ending stocks and the WASDE report came in near the upper end of expectations at 2.035 billion bu. World ending stocks of corn were also bearish coming in 3 billion bu higher than the average trade estimate and also near the top of the estimated range.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #5		191.24 196.76	203.01 216.82	215.93 217.65	207.63 217.77	197.81 203.63	192.22 197.77	176.43 187.91	170.02 178.99	165.63 176.46
Soymeal Wpg/S.Man	459	462	466	465	470	472				

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STRENGTH IN NUMBERS

