

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 26, 2019

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

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US Slaughter

476,000 Thursday
465,000 Year Ago

Daily Prices

Iowa/S. MN. \$81.99
W. Corn Belt \$81.73
National \$82.62

ML Signature 5 \$200.01
HyLife (prev. day) \$195.94
TCP/BP2 \$200.01
BP4/TCP4 \$197.88

BoC Rate (Noon) prev. day
\$1.3493 CAD / \$0.7411 USD

Cash Prices Week Ending April 27, 2019

Signature 3 199.79/90.62
Signature 4 194.53/88.24
Signature 5 197.16/89.43
h@ms Cash 192.53/87.33
HyLife N/A
TCP/BP2 189.41/85.92
BP4/TCP4 188.08/85.31

Cumulative Top-Up Estimate

\$4.91 CAD/ckg

ISO Weans \$65.86 US Avg.

Feeder Pigs \$97.36 US Avg.

Forward contract prices are mostly lower this morning. The National reporting region was the only source of cash market information on Friday as the ISM and WCB regional prices were not reported due to confidentiality. Regardless, cash prices remain at seasonal highs and are poised to trend higher as the summer approaches. Current modelling suggests another 30% increase in cash pricing is achievable using historical benchmarks, but also places all regions under the \$100 USD/cwt mark which is somewhat lower than two weeks ago when modelling placed summer cash rates over \$100. This, of course, has not priced in a supply constraint due to ASF export demand so the summer prices could pass \$100 without much effort if China starts to aggressively seek US pork. Lean hog futures have gapped higher this morning after a very weak day on Thursday that saw most futures contracts close at limit lows which subsequently ushered in expanded trading limits today. The move yesterday was likely a reaction to the weekly export sales report that showed China did not take on any additional pork commitments from the USA and in fact cancelled a small 200 MT prior commitment. While almost no one thinks this is indicative of a trend in the longer term, it does suggest China might be more disciplined in their approach to sourcing replacement protein supplies meaning markets will likely see ongoing volatility in the short to mid terms. It also reinforces previous ideas that China is supplied enough for now (due to advance liquidations of herds ahead of ASF infections combined with full freezers i.e. limited cold storage space) thus any 'actual' purchase activity will come later.

Canadian delivered forward contract prices are higher this morning. US soybeans are trading under pressure to finish the week as there is no real bullish news on the horizon. US Customs data placed actual shipments to China at about half of last year's volume which is not particularly good news for farmers looking to market old crop beans. Ending stocks estimates remain historically high and the idea that China could be limited in taking deliveries is also pressuring. The market is looking for clues regarding progress on the USA/China trade deal, but information is inconsistent although there is talk that a memorandum of understanding (MOU) could be in the works and agreed to before June.

US corn futures are higher this morning. Unlike beans, US corn futures are trading on a higher note; but are they 'higher'? It is true that US corn futures are higher than the previous closing price, but the trade is languishing amid historical lows. Only two days ago, the nearby contract saw its lowest closing low since the offering of the contract and finished the session just above \$3.46 USD/bu. The support, therefore, is considered to be a function of reaching 'a bottom' and the move is considered to be based mostly on technical grounds for now. Plant 2019 is ramping up and new progress numbers will be available early next week for both corn and beans.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			197.21 206.95	207.25 208.58	203.43 211.20	196.04 201.93	192.77 195.96	181.85 192.24	174.24 185.04	175.79 186.71	189.32
Soymeal Wpg/S.Man	457	460	464	463	4676	469					

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