

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 3, 2019

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

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## US Slaughter

474,000 Thursday  
460,000 Year Ago

## Daily Prices

Iowa/S. MN. \$81.64  
W. Corn Belt \$81.07  
National \$82.02

ML Signature 5 \$198.02  
HyLife (prev. day) \$193.68  
TCP/BP2 \$198.02  
BP4/TCP4 \$196.00

**BoC Rate (Noon) prev. day**  
\$1.3462 CAD / \$0.7428 USD

## Cash Prices Week Ending May 4, 2019

Signature 3 198.94 / 90.24  
Signature 4 196.24 / 89.01  
Signature 5 197.59 / 89.63  
h@ms Cash 194.24 / 88.11  
HyLife N/A  
TCP/BP2 197.44 / 89.56  
BP4/TCP4 194.53 / 88.24

**Cumulative Top-Up Estimate**  
\$4.55 CAD/ckg

ISO Weans \$65.19 US Avg.  
Feeder Pigs \$96.35 US Avg.

**Forward contract prices are mixed this morning.** US cash markets are mixed to finish the week and have backed off from the steeper trend upward seen earlier. US prices for week ending May 4 (week 18) even moved lower than the previous week and the spread between the 'current' cash market and the historical trend has narrowed; from over 30% four weeks ago to about 24% this week. Assuming the current trajectory remains, next week prices will only be higher by about 17% compared to the average at that time of year and start to reflect a more seasonal trend. The market is waiting for increased export activity due to ASF related disruptions. However, while China delivery activity did pick up this week, there have been no demand shocks to push prices up higher. For now, the cash market appears to be falling back on ideas of lowering seasonal supply and increased demand in the domestic market which is still the largest market for US pork. In the meantime, lean hog futures continue to trade in a two sided and choppy pattern day over day as the market reconciles ideas that China will soon be in the export market for pork while commitments from the region remains relatively lacklustre and inconsistent. There are ideas that China will not really need pork until late in Q3 or early Q4 2019. Chinese producers likely 'pulled ahead' livestock as ASF was ramping up and the government was not offering compensation for losses. There are thoughts China's cold storage facilities are therefore well stocked for now although some of that stock could contain ASF-contaminated meat which will likely create other problems further out.

**Canadian delivered forward contract prices are lower this morning.** Weather takes a 'back seat' as more optimism is surfacing on a China/USA trade deal progress but not everyone agrees a trade deal is eminent. Arguably, a swift deal is anything but certain although there are thoughts President Xi could visit the USA in the second or third week of June. High level officials don't typically make appearances unless something big is to be announced. However, a less impactful memorandum of understanding (MOU) would likely also generate a visit and simply prolong the uncertainty on specifics.

**US corn futures are lower this morning.** While trade talks with China dominate the soybean trade, weather is the major story for US corn. Delayed planting progress due to cold and wet weather appears that it will be held back over this weekend again as the forecast for important growing areas appears to be for more cool and wet weather. Planting progress for next week is about 35% (10-year average) and it appears that the planting pace will not progress by 20% by this week which is what would be needed to hit that average mark.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		209.73 216.42	213.97 215.90	207.52 217.91	199.19 205.04	195.49 200.40	183.69 194.69	179.89 186.91	178.72 189.59	192.12 193.39
Soymeal Wpg/S.Man	441	446	445	450	452	454				

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