

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 10, 2019

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

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US Slaughter

472,000 Thursday
458,000 Year Ago

Daily Prices

Iowa/S. MN. \$81.10
W. Corn Belt \$80.69
National \$82.01
ML Signature 5 \$197.84
HyLife (prev. day) \$194.36
TCP/BP2 \$197.84
BP4/TCP4 \$196.27

BoC Rate (Noon) prev. day
\$1.3483 CAD / \$0.7416 USD

Cash Prices Week Ending May 11, 2019

Signature 3 198.09/89.85
Signature 4 196.02/88.91
Signature 5 197.06/89.39
h@ms Cash 194.02/88.01
HyLife N/A
TCP/BP2 197.59/89.63
BP4/TCP4 196.24/89.01

Cumulative Top-Up Estimate

\$4.26 CAD/ckg

ISO Weans \$63.16 US Avg.

Feeder Pigs \$90.54 US Avg.

Forward contract prices opened higher this morning.

US cash markets are finishing the week off on a stronger note with all reporting regions showing gains relative to the previous day; ISM, WCB and National regions were up \$0.62, \$0.21, and \$0.08 USD/cwt, respectively. Cash markets have struggled to push higher and extend the momentum of a seasonal rally that developed earlier than what is seen 'normally'. Ideas that packers were aggressively sourcing animals ahead of higher prices in anticipation of ASF-related export demand, in part, sparked this year's spring/summer rally by about 4-5 weeks earlier than the average. Today, however, there is less certainty on the timing of increased export demand and the market has moderated while hovering around levels seen at the summer highs in three of the past four most recent years. Lean hog futures, meanwhile, were looking for some certainty to return to the markets following the dinner with US Trade Representative Lighthizer and vice premier Liu last evening. No 'deal' was made and instead, it was reported that vice premier Liu told Mr. Lighthizer that it's up to the world leaders to finalize now. Subsequently, tariffs on \$200 billion worth of Chinese goods went up to 25% from the previous 10% (in a move that was widely known although there was some hope an eleventh-hour deal could be reached and tariffs swiftly removed) and President Trump has suggested tariffs on an additional \$325 billion in Chinese goods could go into effect soon. There is another meeting scheduled for today, and the outcome expectations depends largely on the opinion of the pundit. While China does indeed 'need' pork to fill ASF-related production holes at some point, the removal of tariffs was largely seen as the first step in paving the way for US supplies to reach China in the best possible terms; effectively, the opposite took place yesterday. In other news, the Canadian dollar has rallied in the early trade on unexpected, positive employment numbers published this morning.

Canadian delivered forward contract prices opened lower this morning.

US soybean futures are higher, but the action appears to be more technically grounded than in response to any fundamental news. In fact, the movement of beans got a bit more difficult yesterday as the USA ramped up tariffs on China as previously threatened. The WASDE report will be released today and the May report provides the first look at expectations for the 2019/2020 crop. Old crop supplies are expected to remain burdensome, however, and it will be difficult for the trade to reach USDA projections at the current sales pace. Canadian meal prices pushed lower this morning on Canadian dollar strength.

US corn futures opened higher this morning.

Under pressure from other commodities and negative news on the trade deal front yesterday, US corn futures once again turned to lows not seen since last week when the trade hit new contract lows. US corn doesn't have the same supply 'problem' that beans do, but the market is struggling to make gains nonetheless mostly on lacklustre demand. The May WASDE report will be released at 11:00AM (Central) today.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		200.99 204.98	198.80 201.48	195.02 204.79	186.70 192.54	182.18 187.06	173.12 182.25	169.34 176.07	173.60 186.80	188.44 189.16
Soymeal Wpg/S.Man	430	433	432	438	440	443				

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