

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 30, 2019

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

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US Slaughter

476,000 Wednesday
465,000 Year Ago

Daily Prices

Iowa/S. MN. \$77.46
W. Corn Belt \$77.20
National \$81.82

ML Signature 5 \$193.75
HyLife (prev. day) \$194.07
TCP/BP2 \$193.75
BP4/TCP4 \$196.26

BoC Rate (Noon) prev. day
\$1.3514 CAD / \$0.7400 USD

Cash Prices Week Ending May 25, 2019

Signature 3 200.72/91.05
Signature 4 199.70/90.58
Signature 5 200.21/90.81
h@ms Cash 197.70/89.68
HyLife 197.74/89.69
TCP/BP2 200.83/91.10
BP4/TCP4 197.48/89.58

Cumulative Top-Up Estimate
\$3.66 CAD/ckg

ISO Weans \$52.47 US Avg.

Feeder Pigs \$75.48 US Avg.

Forward contract prices opened higher this morning. US cash markets are once again pressured this week with the ISM, WCB, and National regions coming in \$0.56, \$0.31, and \$0.50 USD/cwt lower on the day. The action is counter-seasonal in nature but has been hypothesized in the following way; buying activity premised on avoiding ASF inflation drove the market higher (and earlier) than normal this year when it appeared ASF-related demand *may have* converged near or at the seasonal peak demand period. Of course, this has not happened yet and there are ideas that ASF-related demand from the USA, whenever it should substantially develop, will likely be pushed down the road as China currently looks to diversify its purchasing activity among sellers on more agreeable terms. In the meantime, the cash market has little rationale to push higher in the current marketing environment. On the positive side, the average summer high price typically doesn't develop until about week 27 in the marketing year (i.e. the beginning of July); on the other hand, when cash markets have experienced the volatility seen recently, the market struggles to reach the summer high and in some cases, peaks out in June. Today, there is no reason to suggest the cash market will collapse or even retreat earlier than the usual autumn timeframe and the degree of any seasonal softness very much remains to be seen. The market is still optimistic on ASF-related demand surfacing. Lean hog futures continue to exhibit features of volatility and are trading under pressure to start today's session. Many of the cash market concerns are reflected in the futures contracts and this volatile, choppy, and two-sided trade will likely remain until at least mid-June when presidents Trump and Xi meet in Japan for the G20, or until China 'shows up' substantially in the export data. Thursday's weekly export sales data is delayed by a day due to the Memorial Day holiday on Monday which pushed many USDA reports back by one business day.

Canadian delivered forward contract prices opened higher this morning. Planting progress concerns and poor weather conditions are being priced into the market that has seen the nearby contract make a move for the psychological \$9.00 USD/bu mark over the past couple days. The last time the market closed above \$9.00 was on April 16. The action stands in stark contrast to the pressure seen just four sessions ago when the trade was consolidating around the \$8.00 level. There is still a lot of old crop beans to clear the market, but for now, the trade has shaken off those concerns.

US corn futures opened higher this morning. Like beans, the US corn futures trade has gained some momentum upward on weather concerns and the extremely poor planting progress due to that weather. The nearby contract has breached the \$4.00 USD/bu mark which was last seen in December of last year. The \$4.30 USD/bu level was last seen between April and June of last year and the price at this writing is over \$4.28.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5			194.00 196.42	191.93 198.63	183.39 189.46	179.34 184.30	172.38 180.55	170.93 174.49	169.73 180.57	181.23 183.84	177.64 179.34
Soymeal Wpg/S.Man	489	488	486	490	493	496					

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