

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 3, 2019

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

www.hamsmarketing.ca

US Slaughter

2.128 mil. Last Week
2.034 mil. Year Ago

Daily Prices

Iowa/S. MN.	\$77.61
W. Corn Belt	\$77.21
National	\$81.15
ML Signature 5	\$193.14
HyLife (prev. day)	\$192.83
TCP/BP2	\$193.14
BP4/TCP4	\$194.85

BoC Rate (Noon) prev. day
\$1.3527 CAD / \$0.7393 USD

Cash Prices Week Ending June 01, 2019

Signature 3	192.29/87.22
Signature 4	196.88/89.30
Signature 5	194.59/88.27
h@ms Cash	194.88/88.40
HyLife	194.67/88.30
TCP/BP2	200.21/90.81
BP4/TCP4	199.70/90.58

Cumulative Top-Up Estimate

\$3.60 CAD/ckg

ISO Weans \$43.88 US Avg.

Feeder Pigs \$69.07 US Avg.

Forward contract prices opened lower this morning. US cash markets are starting the week off on a weaker note with ISM, WCB and National reporting regions coming in \$1.67, \$1.62, and \$0.88 USD/cwt lower, respectively. Cash markets are struggling to gain any consistent upward momentum in what should normally be a time of year that sees incremental gains week over week heading into the summer timeframe (2015 being the exception in recent memory). While pork production numbers are starting to fall into a more seasonal pattern (i.e. lower volume), the weekly slaughter level was 4.6% higher than at the same time year ago. Interestingly, the early weaned pig price (per head in USD) has taken a notable and sharp turn lower relative to what was seen in late March and early April. Recall that ASF-related speculation was rampant at that time and many purchasers started buying aggressively as a hedge against inflation and possible supply shortages believed to be a consequence of demand expectations from China. Early weaned pigs were no exception and saw a stark counter-seasonal rally that developed at the end of the first quarter. By the middle of April, the market had reached its peak (so far) and backed off considerably over the month of May. To be sure, weaned pigs are trending higher than last year and the five-year average, but the massive speculation appears to be over for now. There are new reports of ASF surfacing in China, Hong Kong, Vietnam, and Cambodia and it appears that the disease spread will get worse before it gets better. However, the general consensus is that China will not 'need' pork until the end of the third or beginning of the fourth quarter, and some analysts suggest that the demand could develop as early as late June. Regardless, the market is in a wait-and-see approach until such time evidence of activity is more acute.

Canadian delivered forward contract prices opened mixed this morning. Today's Crop Progress report will be released by the USDA, but not until 4 PM and trading has stopped for the day. While China/USA trade talks out of the medial spotlight for now (and president Trump is in the UK for a state visit), the weather and planting progress has taken centre stage. The market is looking for approximately 45% to be planted relative to 29% last week and a 66% five-year average.

US corn futures opened higher this morning. Even more so than beans, the market is eagerly awaiting to see the progress (or lack thereof) that transpired last week. In the report released last Tuesday, the USDA showed 58% corn had been planted compared to a 90% five-year average. Today, the market is looking for progress to come in near the 70% range, but depending on the regions, progress last week could have either been swift or completely shut down again for another week.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		194.02 196.32	188.07 195.42	179.53 185.60	175.65 180.62	169.06 177.23	167.60 171.17	168.29 179.16	180.38 182.44	177.20 178.90
Soymeal Wpg/S.Man	489	487	492	495	497					

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