

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 6, 2019

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

www.hamsmarketing.ca

US Slaughter

475,000 Wednesday

450,000 Year Ago

Daily Prices

Iowa/S. MN. \$77.29

W. Corn Belt \$77.14

National \$80.79

ML Signature 5 \$190.83

HyLife (prev. day) \$190.74

TCP/BP2 \$190.83

BP4/TCP4 \$192.18

BoC Rate (Noon) prev. day
\$1.3401 CAD / \$0.7462 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 higher this morning. US cash markets are higher for the first time this week with ISM and WCB regions up \$0.75 on average while the National reporting region is also up \$0.47 USD/cwt. The move is not considered to be trend setting as cash markets continue to struggle to keep upward momentum. Daily cut out values were net lower on the day with all cuts except loins and picnics which were only modestly higher. The real interesting metric to watch comes from the weekly average weight of barrows and gilts report showing a counter-seasonal move relative to the trend. This year's weight profile stands in stark contrast to the normal pattern and is sharply higher compared to May. Typically, weights start to drop off between April and May. This year, weights remained relatively steady over that timeframe and have moved even higher recently. By way of comparison, the USDA has reported average live weights for week ending June 1 at 287.2 lbs.; last year at this time, weights were at the 280.9 lbs. and lower than the five-year average that comes in near 282 lbs. in the same timeframe. Heavier hogs multiplied by the higher 'new-normal' slaughter levels mean a lot of pork is being produced in the USA which will likely remain a pressuring force until a more positive demand story develops. Today, more short-term export demand is being questioned especially as Mexico could be once again considering retaliatory tariffs on the USA as president Trump threatens new tariffs on Mexico by Monday. Lean hog futures continue to trade amid pre-March rally levels while the market waits for news on direction. This morning's export report showed a 38% net decrease in export commitments relative to the previous week and were only up 1% compared to the rolling four-week average. China did show up on the report committing to another 17,400 MT (and taking delivery of 3,300 MT), adding credence to ideas that despite ASF, China is not in a meat crisis yet. To be sure, there are expectations that the country will be active in the global market approaching the fall, but the market will simply have to wait for that evidence. A choppy and two-sided trade is expected in the meantime.

Canadian delivered forward contract prices opened lower this morning. Despite the slow pace of planting, US soybean futures are trading lower. The previous couple sessions' rally appears to be over for now as the market waits for news on direction. Next week, the June WASDE will be released where new and/or updated information on export expectations is anticipated. This morning, 510,000 MT of net sales were reported on the weekly export sales report against an expected range of 250,000 to 750,000 MT.

US corn futures opened lower this morning. Like beans, US corn is under pressure to start the Thursday session. Also, like beans, the recent run up has lost some steam for now. but the weekly export sales report showed a negative net sales number (-8,788 MT) for old crop sales commitments against a pre-market expectation of 500,000 to 1,050,000 for both crops combined (only 23,500 was committed for the 2019/20 marketing year). The news is a bit of a surprise, but extremely slow planting and ideas that Mexico will not include corn in a list of items pegged for retaliatory tariffs will keep the downside in check.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		193.39 196.76	190.13 195.80	183.03 189.17	179.37 183.34	174.84 182.54	172.44 176.77	171.01 180.69	181.90 184.02	178.16 179.85
Soymeal Wpg/S.Man	470	469	474	476	479	486				

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