

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 10, 2019

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

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## US Slaughter

2.417 mil. Last Week  
2.268 mil. Year Ago

## Daily Prices

Iowa/S. MN. \$76.03  
W. Corn Belt \$75.55  
National \$79.86

ML Signature 5 \$186.12  
HyLife (prev. day) \$188.03  
TCP/BP2 \$186.12  
BP4/TCP4 \$188.29

**BoC Rate (Noon) prev. day**  
\$1.3283 CAD / \$0.7528 USD

## Cash Prices Week Ending June 08, 2019

Signature 3 189.01/85.73  
Signature 4 192.16/87.16  
Signature 5 190.59/86.45  
h@ms Cash 190.16/86.26  
HyLife 189.93/86.15  
TCP/BP2 194.59/88.27  
BP4/TCP4 196.88/89.30

## Cumulative Top-Up Estimate

\$3.52 CAD/ckg

ISO Weans \$38.19 US Avg.

Feeder Pigs \$63.36 US Avg.

**Forward contract prices opened lower this morning.** US cash markets are starting the week off on a weaker-than-seasonally-typical note with all reporting regions lower than the previous session. The ISM, WCB and National regions were down by \$0.62, \$0.64, and \$0.29 USD/cwt., respectively. Using the National base price and last week's average pricing as a benchmark in USD, observers will note levels are only 3% higher than the cash values normally seen at this time of year. Conversely, the WCB is exactly flat, showing little deviation from the average in this marketing week, and a 0% change in rounded percent terms. This stands in stark contrast to the rally in March which saw prices near (and in some cases, over) 40% of the seasonal trend. The biggest factor in the mix is likely the lack of development relative to expectations of the export picture to China. Inflation and supply fears due to ASF pushed buyers more aggressively into the market just slightly ahead of the time strength seasonally returns to cash markets. However, China purchases (which are actually higher than the historical year-to-date levels) have come in at much lower levels (and less consistent levels) than what was expected. Live weights remain surprisingly high and were even climbing higher last week when the expectation is for weights to come down at this time of year; slaughter levels remain high and were 6.7% higher than year ago; the cut-out struggles to make consistent gains. Against this backdrop, cash markets, therefore, have little reason to push higher into the summer unless a positive demand story develops which most think will surface between the end of June and end of September. Lean hog futures are higher at the open after plunging to limit lows on Friday. President Trump announced over the weekend that the looming 5% tariff on Mexico would not be applied on Monday (today) as previously threatened, but it is not completely taken off the table either. He notes that it could be applied at any time later if Mexico falls short of its promises to increase border protection at Guatemala and stem the flow of migrants to the USA. How this progress will be monitored is not clear at this time.

**Canadian delivered forward contract prices opened even this morning.** Crop progress numbers will be released after trading today and it is a big day for crop data tomorrow. The market is looking for between 55% and 57% of beans to be planted as of last Sunday attains 93% last year and an 84.5% five-year average. The June WASDE report will be released at 11:00 AM (Central), but crop production and the Global markets for grains and oilseeds will also be released around the same time, mid-trade.

**US corn futures opened lower this morning.** The market is looking for planting numbers to come in between 80-85% completed for week ending Sunday June 9. Last year, the crop was 'in the ground' by this time; the five-year average likewise is reflecting progress at 100% complete. New crop numbers in the June WASDE are expected to show reductions in production, but yield may or may not be adjusted. For reference, yield was adjusted in June last year, but area was not adjusted until July.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5		188.12 191.46	183.65 189.26	177.32 183.41	173.72 177.66	170.79 178.42	168.40 172.69	167.34 176.92	178.11 180.21	174.97 176.64
Soymeal Delivered Wpg/S.Man	465	464	469	471	474	480				

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