

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 6, 2019

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

496,000 Thursday
 474,000 Year Ago

Daily Prices

Iowa/S. MN. \$46.43
 W. Corn Belt \$46.38
 National \$62.38

ML Signature 5 \$128.93
 HyLife (prev. day) \$145.18
 TCP/BP2 \$128.93
 BP4/TCP4 \$145.87

BoC Rate (Noon) prev. day
 \$1.3174 CAD / \$0.7591 USD

Cash Prices Week Ending

December 6, 2019

Signature 3 108.71/49.31
 Signature 4 146.36/66.39
 Signature 5 127.54/57.85
 h@ms Cash 144.36/65.48
 HyLife N/A
 TCP/BP2 125.24/56.81
 BP4/TCP4 147.98/67.12

Cumulative Top-Up Estimate

\$6.83 CAD/ckg

ISO Weans \$33.86 US Avg.

Feeder Pigs \$48.61 US Avg.

Forward contract prices opened mixed this morning. US cash markets are mixed for the second consecutive day to finish the week. ISM and WCB regions are up by \$0.68 and \$0.71 USD/cwt respectively, while the National reporting region is down by a more modest \$0.31. The strength seen in the markets competing for uncommitted hogs represents seasonal support typically seen at this time of year. Demand due to ASF related production concerns is likely having little impact at this point. To be sure, the monthly export data released by the USDA yesterday shows the fifth consecutive month (to October) of record volumes of pork to all markets, but aside for the seasonal outlier that saw significant year over year increases, the September to October trend represents a more historical trendline, albeit at slightly elevated levels. In any event, it is true exports are stronger; they just need to be much stronger to usher in more aggressive price support. Slaughter numbers remain quite high with end of the week projections (including a Saturday estimate) for this week coming in at massive 2.794 million head and surpassing the pre-Thanksgiving week records of 2.758 million and 2.761 million in the two weeks prior to the holiday week. Lean hog futures gapped higher at the open this morning following reports that China is set to approve some more import tariff waivers for US soybeans and pork that analysts widely see as a 'good will' gesture during the ongoing Phase One trade deal talks. Some of the initial optimism has waned somewhat as of this writing and most contracts have given back about half the gains seen in the early morning trade. The Canadian dollar has also given up almost all the gains seen earlier this week on a poor jobs report released this morning giving some strength to forward contracts price in Canadian dollars to finish the week.

Canadian delivered soymeal prices opened mixed this morning.

Like the hog trade, US soybean futures are seeing some strength on ideas import tariff waivers on beans could be issued as announced by major news outlets this morning (Reuters, for example). However, stories are also surfacing this morning showing domestic Chinese production is up following government incentives and an ongoing conversation regarding the ability of the China market to take on more US-based beans, generally, is keeping the upside in check.

US corn futures opened lower this morning.

US corn futures are mixed to finish a week that saw almost as many down days as up. The trade has been residing amid the lower end of an established range that developed at the beginning of October. While US corn does not rely heavily on exports, relatively poor export data (ongoing) combined with some issues in the ethanol sector are weighing on the trade and have so far outweighed any production loss concerns at present.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		128.67 141.82	146.96 151.86	147.92 158.72	165.18 168.00	170.20 183.22	187.45 193.91	190.20 193.64	157.35 193.52	146.94 151.57
Soymeal Delivered Wpg/S.Man	464	466	469	472	473	477				

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