

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 10, 2019

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

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US Slaughter

496,000 Monday
475,000 Year Ago

Daily Prices

Iowa/S. MN. \$46.65
W. Corn Belt \$46.64
National N/A

ML Signature 5 N/A
HyLife (prev. day) N/A
TCP/BP2 N/A
BP4/TCP4 N/A

BoC Rate (Noon) prev. day
\$1.3235 CAD / \$0.7556 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 145.26/65.89
TCP/BP2 125.24/56.81
BP4/TCP4 147.98/67.12

Cumulative Top-Up Estimate

\$6.83 CAD/ckg

ISO Weans \$35.01 US Avg.

Feeder Pigs \$48.33 US Avg.

Forward contract prices opened higher this morning. The ISM and WCB reporting regions continue to see modest increases day-over-day while the National reporting region has still not released the daily numbers as of this writing due to 'packer submission problems'; as an aside, it is highly unusual for the numbers to be delayed this long when submission problems have been cited in the past. Regardless, the cash markets are generally unremarkable and moving along seasonal trendlines. While the weekly National base price moved lower by \$0.54 USD/cwt compared to last week, the values are still at the second highest level going back to 2015 and 2% higher than the three-year average. WCB, on the other hand, was at the lowest seasonal value in the past five years and 16% lower than the three-year average but has seemingly found 'the bottom' two weeks ago on week ending November 30 and has shown some signs of recovery ever since. With only three marketing weeks in 2019 (including current week), cash markets are called steady heading into the new year assuming no major externality surfaces. On that note, news that Deputy Prime Minister Freeland is in Mexico City meeting with the US Trade Representative and high-level Mexican officials to sign off on the final touches of the new NAFTA agreement is making the rounds (USMCA in the US and CUSMA in Canada). Barring any unforeseen, major disruption, it is widely expected that an announcement on progress will be revealed later today and, potentially, a more official announcement on Wednesday according to some news sources. While the details are very much being speculated about, almost all pundits are expecting some finality with the new NAFTA agreement this week. Lean hog futures initially moved higher on the good news but have backed off as of this writing; Mexico pork volumes have likely already been 'priced in', mostly.

Canadian delivered soymeal prices opened higher this morning.

Today marks a relatively big data day with the December WASDE report and Crop Production report both scheduled to be published at 12:00 noon, Eastern time. Pre-report expectations, articles, and analyses have been relatively light ahead of the December WASDE as the market has been preoccupied with ongoing trade talk news with China and today, potentially, some good news regarding the new version of the NAFTA. The market appears to be preparing for reductions in production, but surprises have been a feature of WASDE reports this year.

US corn futures opened higher this morning.

In what will be the last Crop Progress report of the year, the USDA showed yesterday that US corn harvest was at 92% complete against a 94% expectation and compared to 99% five-year average at this time (i.e., essentially completed). Analysts note that the harvest pace is almost exactly three weeks behind, on average. US corn futures could see some underlying support if the new NAFTA agreement is indeed signed this week and if the US hasn't lost Mexican customers; Mexico has been a very important market for US corn.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		129.27 139.89	145.02 149.92	147.12 157.91	164.30 167.11	169.26 182.26	186.49 192.93	190.23 193.69	157.14 193.46	146.68 151.34
Soymeal Delivered Wpg/S.Man	462	464	467	470	472	472				

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