



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 16, 2019

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↑
Corn: ↑ CDN Dollar: ↑

US Slaughter	
480,000	Tuesday
455,000	Year Ago
Daily Prices	
W. Corn Belt	\$51.66
National	\$60.96
Iowa/S. MN.	\$51.69
ML Signature 5	\$134.58
HyLife (prev. day)	\$142.37
TCP/BP2	\$134.58
BoC Rate (Noon) prev. day \$1.3266 CAD / \$0.7538 USD	
Cash Prices Week Ending January 12th, 2019	
Signature 3	123.39/55.97
Signature 4	137.41/62.33
Signature 5 Brandon	130.40/59.15
h@ms Cash	135.41/61.42
HyLife	137.26/62.26
TCP/BP2 Moose Jaw/Langley	126.38/57.33
2018 Top-Up Value (unofficial) \$6.50/ckg (call for details)	
ISO Weans \$63.77 US Avg.	
Feeder Pigs \$71.59 US Avg.	

Forward contract prices opened lower this morning. US cash markets are inconsistent as the ISM and WCB values were \$0.22 USD/cwt lower while the National reporting region was up \$1.43 from the previous day. Cash markets are attempting to reconcile pork movement information at the same time cut-out values are underperforming. For example, as the US government shut-down persists, there is currently no new information on outstanding sales to Mexico. The last report (available in mid-December) showed movement to be slowing relative to previous year. As well, the cut-out to start the year has been less than stellar and was approximately 12.2% lower than at the same time last year. One reason for this is that the value of hams (a primal worth about 25% of the carcass and heavily marketed to Mexico) is down 24% compared to year ago which, some will note, is approximately the value of the tariff currently being applied to US hams. All primals except bellies are near five-year lows to start the year. Lean hog futures were choppy in yesterday's trade and are starting today's session off with a much weaker tone. While ASF appears to be getting much worse, the market is very much taking a wait-and-see approach. To be clear, ASF could have significant impacts on global pork movements and one would be hard-pressed to find anyone suggesting this is not a major development in the pork trade. However, there has been no indication of supplies tightening up enough to warrant a move higher in the US futures markets yet.

Canadian delivered soymeal prices opened higher this morning. US soybean futures have recovered somewhat from their earlier tack lower on thoughts that some technical support levels are being reached for now. Earlier this week, a lack of significantly strong sales numbers, Chinese demand concerns (now intensifying due to the ASF outbreak that could curb feed ingredient demand), some mildly improving Brazil weather, and a good start to the Brazil harvest were all pressuring factors earlier. However, the market has a way to go to reach the lows seen in early September and the nearby contract is currently trading approximately \$0.50 USD/bu higher than at its lowest level in the fall.

US corn futures opened higher this morning. Like beans, US corn futures are seeing some strength return as the market reaches some technical support levels. There is not much that is fundamentally changing (and no USDA reports to confirm or deny changes in any event) so the market will look at private sales and analytical forecasts for direction. In the meantime, one of the fastest growing US exports was US corn which saw a 32.6% increase year to date (October value).

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		134.68 135.68	137.54 141.76	143.05 148.65	149.89 162.94	166.51 179.50	177.95 180.86	169.27 179.85	153.47 160.09	147.39 151.14
Soymeal Wpg/S.Man	461	460	458	464	464	472				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

Forward Contracting at h@ms Marketing Services will be closed

Monday, January 21 for Martin Luther King Day in the USA. US markets will be closed.

The HMO and Opening Price reports cannot subsequently be published.

The main office will remain open and normal business resumes on Tuesday, January 22.