

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 30, 2019

For details call: (204)235-2237 or visit
www.hamsmarketing.ca

US Slaughter

473,000	Tuesday
468,000	Year Ago

Daily Prices

Iowa/S. MN.	\$51.37
W. Corn Belt	\$51.37
National	\$60.02

ML Signature 5	\$133.13
HyLife (prev. day)	\$140.08
TCP/BP2	\$133.13
BP4/TCP4	\$141.34

BoC Rate (Noon) prev. day
 \$1.3266 CAD / \$0.7538 USD

Cash Prices Week Ending January 26th, 2019

Signature 3	127.77/57.96
Signature 4	143.78/65.22
Signature 5	135.77/61.58
h@ms Cash	141.78/64.31
HyLife	142.71/64.73
TCP/BP2	133.67/60.63
BP4/TCP4	141.83/64.33

2018 Top-Up Value (unofficial)

\$6.50/ckg (call for details)

ISO Weans \$60.96 US Avg.

Feeder Pigs \$71.45 US Avg.

Forward contract prices opened mixed this morning. US cash markets inched ever so slightly upward, and all reporting regions came in higher than the previous day. The ISM and WCB regions showed \$0.03 USD/cwt gains while the National region was \$0.16 USD higher. The recent cash strength is supportive, but with carcass values hovering around 5-year average lows and a large amount of slaughter hogs being processed, the market will struggle to make significant cash gains unless some demand event or other positive externality develops. One report this week suggests that pork production is 5.8% higher than the exact same four-week period last year. Lean hog futures continue to recover from the recent lows but have yet to make a significant break higher; all contracts are higher this morning. Some analysts are focussed on the complicated and dynamic USA/China trade talks, but China has never been a significant buyer of primal cuts. In 2017, they were a significant purchaser of variety meats, and some have suggested this activity added about \$8 USD/cwt to the value of the carcass. However, while China appears to be willing to address the trade balance issues, more complicated technology transfer and intellectual property issues remain. To date, no ASF-related increases in export activity from the US have been observed and Chinese buyers have made no more significant purchase intentions this year than seen in other years. If fact, some purchases for the next marketing year were cancelled before the US government shutdown developed.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures continue to drift lower although a new trend has not yet been established. While S. American weather was influencing the market last week, China/USA trade talks take centre stage once again as a Chinese delegation is in the US this week, having arrived in Washington on Monday. The typical fall run up of Chinese purchases was largely abandoned this year due to the trade dispute and as Brazil harvest progresses (a bit ahead of the average pace) the opportunity for the US to benefit further this year very much remains in question. Regardless of any negotiation outcome, the US will likely retain record amounts of beans in ending stocks for the marketing year.

US corn futures opened higher this morning. US corn futures are trading with a bit of strength after seeing many sessions of a sideways market. Export activity and demand has been steady to normal, and no new event has yet sparked a move to the upside. However, others have noted February is the start of a five-month window where producers can start pricing corn perhaps, at least, keeping the down-sides in check for now. All eyes will be on Washington D.C. for news on how China/USA trade talks progress that are scheduled to start today. All markets could be volatile as information trickles out.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			132.06 136.27	137.53 143.11	146.28 159.30	162.86 175.82	175.49 178.40	172.41 178.64	156.61 163.23	150.10 153.84
Soymeal Wpg/S.Man	456	456	455	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.