

Hog Margin Outlook

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Thursday, January 31, 2019

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

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US Slaughter

261,000 Wednesday
464,000 Year Ago

Daily Prices

Iowa/S. MN. \$51.65
W. Corn Belt \$51.51
National \$60.16

ML Signature 5 \$132.71
HyLife (prev. day) \$140.46
TCP/BP2 \$132.71
BP4/TCP4 \$140.86

BoC Rate (Noon) prev. day
\$1.3192 CAD / \$0.7580 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 lower this morning. US cash markets saw some modestly consistent upward momentum for the second consecutive day this week with all reporting regions seeing support near or slightly over the \$0.20 USD/cwt mark. Cut-out values were not the source of this strength, however, as the carcass was down \$1.70 USD relative to the previous day's activity. The primals were led lower by loins and bellies which are already residing amid five-year lows or lower. Despite this, securing uncommitted animals may have been a bit more challenging as slaughter came in at its lowest non-holiday level in recent memory. Extremely cold weather is thought to be limiting movements, but this anomaly is not expected to last much longer. Lean hog futures contracts traded lower in the spring and summer but saw modest strength in the August to December timeframe. There is not much news and all market watchers appear to be keeping a close eye on the China/US trade talks that began yesterday. As of this writing, there has been no breaking news on the development of the talks. The US Federal Reserve, however, did not raise interest rates yesterday which sent the value of the Canadian dollar initially higher. The consensus now is that the Fed is taking a 'wait and see' approach – US economic indicators are good now, but there is increasing concern that economic fallout from the China/US trade spat has yet to completely reveal itself.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures exhibited very little life and closed, on average, 1/10th of a percent higher on the day. The market is waiting for news to surface either way on the China/USA trade talks taking place this week. No news surfaced yesterday and this morning we see the market slightly higher. In other news, export data that was not released during the shutdown will start to surface this week starting with the oldest missing data first, once a week, until caught up on February 22nd when data from Jan 10 to Feb 14 will be revealed.

US corn futures opened lower this morning.

There is not much news surfacing despite a trade delegation from China that is in Washington this week. The market is waiting for any news, but developments, if any, have been less of a spectacle than in the past, perhaps hinting on the tone of the talks. In other news, it appears the February WASDE will be released as scheduled next week on the 8th after the January report was suspended due to the recent US government shutdown. While there is much complaining about the USDA, many market participants frequently make decisions using the monthly supply and demand estimates.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			129.30 133.50	134.81 140.36	144.50 157.46	161.01 173.90	172.36 175.24	169.95 175.83	154.31 160.87	148.69 152.42
Soymeal Wpg/S.Man	454	454	453	461	461	470				

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