

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 4, 2019

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

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US Slaughter

2.387 mil.	Last Year
2.433 mil.	Year Ago

Daily Prices

Iowa/S. MN.	\$50.25
W. Corn Belt	\$50.23
National	\$59.27

ML Signature 5	\$129.17
HyLife (prev. day)	\$137.12
TCP/BP2	\$129.17
BP4/TCP4	\$137.77

BoC Rate (Noon) prev. day
\$1.3095 CAD / \$0.7637 USD

Cash Prices Week Ending February 2nd, 2019

Signature 3	123.61/56.07
Signature 4	140.88/63.90
Signature 5	132.25/59.99
h@ms Cash	138.88/63.00
HyLife	138.98/63.04
TCP/BP2	135.77/61.58
BP4/TCP4	143.78/65.22

2018 Top-Up Value (unofficial)

\$6.50/ckg (call for details)

ISO Weans \$56.79 US Avg.

Feeder Pigs \$70.11 US Avg.

Forward contract prices opened higher this morning. US cash markets are starting the second week in February mixed and steady to lower early on. The ISM and WCB regions were \$0.01 and \$0.15 USD/cwt lower while the National region was higher by a penny (USD) compared to the previous day. Interestingly, weekly slaughter came in lower than the previous year at 2.387 million head compared to the 2.433 million head processed last year representing the first time we have seen slaughter come in lower relative to the previous year. However, the anomaly is explained very simply due to extreme weather that was limiting hog shipments last week. One day only saw about 261,000 processed compared to the new normal seeing 460,000+ from Monday to Friday. Nearby lean hog futures are starting the week off on an uptrend but only partially recovering from the pressure seen last week. The deferred contracts are mixed-to-higher and have resisted the trend lower that developed the week prior. There is not much news to support save for the usual ASF-related optimism and ongoing China/USA trade talks that may or may not result in more pork flow into China or as backfill to China-supplying countries. In the meantime, the market is very much in a wait-and-see holding pattern although the support seen earlier this morning is a welcome change.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are starting the week off on a higher note, riding the China/USA trade talk optimism and some weather-related production concerns in S. America. There is talk this morning that a US trade delegation will travel to China in February to continue the talks that began in Washington DC last week. However, it won't be this week; the lunar New Year will be celebrated in China this week and many government agencies and businesses will be closed for the holidays. It also means the markets will have very little China-related development news to respond to.

US corn futures opened mixed this morning. US corn futures are starting the week off on a higher note and continuing to trade in the middle of the recently established range put in at the beginning of the new year. The market may have something to look forward to as the February WASDE report is scheduled to be released on Friday as originally planned. The wrinkle in it all, however, is that the WASDE may not reflect the most recent export data which was and remains delayed due to the US government shutdown. This will likely surface as an issue to be discussed further, especially if the numbers are massively different than pre-market expectations.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		129.43 131.73	133.92 137.06	138.01 156.44	163.06 178.42	173.38 176.95	170.27 175.54	155.63 162.28	151.08 154.33	137.26 150.45	135.18 140.67
Soymeal Wpg/S.Man	454	452	461	461	469	469					

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