

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 5, 2019

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

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US Slaughter

478,000 Monday
461,000 Year Ago

Daily Prices

Iowa/S. MN. \$49.85
W. Corn Belt \$49.84
National \$59.67

ML Signature 5 \$129.48
HyLife (prev. day) \$137.53
TCP/BP2 \$129.48
BP4/TCP4 \$139.04

BoC Rate (Noon) prev. day
\$1.3127 CAD / \$0.7618 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

\$6.50/ckg (call for details)

ISO Weans \$56.79 US Avg.

Feeder Pigs \$70.11 US Avg.

Forward contract prices opened mixed this morning. US cash markets came in mixed with ISM and WCB regions down by approximately \$0.40 while the National region was up by exactly \$0.40 USD/cwt. Slaughter levels appear to be back to normal after seeing some plant closures last week due to inclement weather. The carcass cut-out was \$1.13 USD/cwt higher led by bellies that were \$4.02 stronger than the previous day. The recovery is not trend setting yet though, and bellies are still approximately 10% lower than the five-year average at year-ago. Further cash market weakness is expected heading into the spring in the next couple weeks as has been the typical trend over the past couple years. Lean hog futures rallied mid trade yesterday in a move underpinned by commercial buying and strong wholesale values. Despite this, the nearby contracts are still notably lower than at the beginning of the year while the deferred contracts have fared slightly better. This means when converted to Canadian dollars, fourth quarter forward contract values in Western Canada are approximately \$10 CAD/ckg higher than the three-year cash average over the same timeframe before yesterday's rally at the close. Put another way, forward contract values are beating the historical three-year cash average and represent a decent hedging opportunity for the unhedged producer or one looking for a bit more protection in Q4. This premium is currently witnessed over all programs in all regions h@ms Marketing represents. Futures have corrected lower this morning.

Canadian delivered soymeal prices opened lower this morning.

Despite some late Chinese purchase news making the rounds yesterday, Chinese buyers are expected to be relatively quiet over the Lunar New Year holiday week being celebrated currently. In the meantime, the market is awaiting the February WASDE report after the January one was suspended due to the US government shutdown (that could resume after the 15th if no resolution on border security is met). Pre-report estimates suggest ending stocks come in at 926 million bu. on average with a range between 800 million and 1.015 billion bu.

US corn futures opened lower this morning.

Like beans US corn traders are looking ahead to some official fundamental data for direction. Recently the market has been driven by Chinese purchase intention talk and S. American production speculation so the WASDE report will be welcome news amid the uncertainty. Analyst estimates ahead of the report suggest between 1.621 and 1.787 billion bu. in ending stocks are possible with an average estimate coming in at 1.708 billion bushels.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		129.91 132.21	134.42 137.56	138.32 156.76	163.38 178.75	174.35 177.93	170.37 176.51	155.69 162.36	150.53 153.78	137.01 150.18	134.94 140.42
Soymeal Wpg/S.Man	449	448	457	457	464	464					

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