

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 7, 2019

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

www.hamsmarketing.ca

US Slaughter

479,000 Wednesday

466,000 Year Ago

Daily Prices

Iowa/S. MN. \$49.52

W. Corn Belt \$49.45

National \$59.77

ML Signature 5 \$129.74

HyLife (prev. day) \$138.16

TCP/BP2 \$129.74

BP4/TCP4 \$139.93

BoC Rate (Noon) prev. day

\$1.3190 CAD / \$0.7582 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 are once again mixed this week with weakness in the ISM and WCB reporting regions while the National reporting region saw modest gains. There is talk that the ongoing cold and wintery weather could slow down marketings for this week while slaughter levels clip along at their new normal rate; yesterday, hog slaughter was estimated at 470,000 head. Lean hog futures gapped lower at the opening despite a consensus that African Swine Fever is getting worse in China and new reports of Classical Swine Fever outbreaks in Japan. The two diseases are not the same; ASF is unrelated to CSF and ASF has a more complex genetic structure although the symptoms are similar and both diseases cause high numbers of pig deaths. Theoretically, then, US markets should likely be reacting positively to news of supply reductions in other markets as export opportunity potential increases. However, there has been no evidence of increased export activity or sales commitments and complicating matters for the unpredictable Chinese market is an ongoing trade war, a frosty diplomatic relationship, and tariffs on US pork making US supplies uncompetitive relative to other suppliers. All futures contracts are lower as of this writing.

Canadian delivered soymeal prices opened lower this morning.

Thursdays usually see export data released by the USDA and now that the US government shutdown is over (for now), the reports have been resumed. The issue, however, is that the USDA has decided to release the suspended reports first. As such, the newest export data that is available today represents activity over the Christmas break (Dec 21 – Dec 27). It's not what the market is looking for exactly, so participants will have to wait a bit longer for the USDA to catch up. In the meantime, the December data shows soybean exports came in at 1.051 MMT, down 56% from the week prior.

US corn futures opened lower this morning. Weakness in the ethanol market (using approximately one third of the US corn crop year over year) and ideas that overall demand could be proven to be a bit weaker on all fronts in Friday's upcoming WASDE report are pressuring the market this morning. Export data is also leaning bearish although the data released today is from eight weeks ago (!). Regardless, the chatter this morning is that even that late data could hint at a larger trend.

Forward Range
(at opening)

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Maple Leaf
Sig. #5

127.36

131.93

136.65

161.94

173.37

171.66

156.82

151.50

138.43

136.34

Soymeal
Wpg/S.Man

450

448

457

457

466

466

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STRENGTH IN NUMBERS

