

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 11, 2019

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

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## US Slaughter

2.516 mil.	Last Year
2.389 mil.	Year Ago

## Daily Prices

Iowa/S. MN.	\$49.16
W. Corn Belt	\$49.06
National	\$59.04

ML Signature 5	\$129.20
HyLife (prev. day)	\$138.04
TCP/BP2	\$129.20
BP4/TCP4	\$139.06

**BoC Rate (Noon) prev. day**  
\$1.3270 CAD / \$0.7536 USD

## Cash Prices Week Ending February 9, 2019

Signature 3	120.01/54.44
Signature 4	138.99/63.05
Signature 5	129.50/58.74
h@ms Cash	136.99/62.14
HyLife	137.70/62.46
TCP/BP2	132.25/59.99
BP4/TCP4	140.88/63.90

## 2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$56.06 US Avg.

Feeder Pigs \$69.03 US Avg.

**Forward contract prices opened lower this morning.** US cash markets are mixed to start the week and in an unusual turn of events, ISM is higher while the WCB and National reporting regions are lower. Typically, the ISM and WCB regions move in tandem due to the construction of the reporting categories referenced - it is not unusual for the National region to move opposite of those other two. Animal movements have been atypical over the past couple weeks as inclement weather including storms and extremely cold temperatures have limited shipments and potentially influenced buying behaviours over that timeframe. Packers caught up last week, though, as the weekly slaughter was back on pace coming in at 2.516 million head or 5.3% higher than year-ago. Lean hog futures are mixed and choppy to start the week as well following pressure that developed last week. A number of analytical firms are now suggesting that market clearing lows must be reached amid tariffs (Mexico and China) and other disappointing export data pressuring the futures. For example, export sales for the most recent week available (week ending Dec 27) were five times lower than the previous four-week average. On the other hand, they are all quite certain support will return in the second half of 2019 as ASF and CSF impacts are felt globally and trade returns to normal (i.e. Mexico tariffs removed). In the meantime, the market has yet to substantially concur that the second half of 2019 will be significantly improved although the deferred futures contracts are in much better shape relative to the nearby ones.

## Canadian delivered soymeal prices opened even this morning.

While the big news on Friday was the release of the WASDE report for the first time in two months, the bigger news was that not much changed between November and January in terms of official estimates on supply and demand. While world ending stocks for the 18/19 marketing year came in lower than expectations, and was considered supportive, the USA's 18/19 ending stock estimate came in at 910 million bu. compared to the 926 million bu pre-report estimate. The news was considered neutral on Friday and the market subsequently saw traders jockey for new positions. The market is lower this morning.

**US corn futures opened lower this morning.** Like beans, US corn futures traded in a two-sided and choppy pattern following the release of the February WASDE report. World ending stocks came in higher than the average estimate and was considered bearish for the global market. The USA's numbers showed 18/19 ending stocks at 1.735 billion bu. compared to a 1.708 billion average pre-report estimate. Also like beans, US corn futures are lower to start the week.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		125.42 126.55	128.77 131.95	134.77 153.41	160.11 175.65	170.61 174.99	169.01 172.99	154.83 161.58	149.62 152.90	137.25 150.57	135.16 138.85
Soymeal Wpg/S.Man	450	448	457	457	466	466					

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