

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 13, 2019

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

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## US Slaughter

470,000 Tuesday  
466,000 Year Ago

## Daily Prices

Iowa/S. MN. \$48.04  
W. Corn Belt \$47.94  
National \$58.71

ML Signature 5 \$127.24  
HyLife (prev. day) \$137.37  
TCP/BP2 \$127.24  
BP4/TCP4 \$138.07

**BoC Rate (Noon) prev. day**  
\$1.3248 CAD / \$0.7548 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 have resumed their two-sided distinction once again with ISM and WCB regions down \$0.45 and \$0.53 USD/cwt respectively while the National region was up by \$0.93 USD. The market is neither trending significantly higher or lower although the seasonal trend near this time is for cash weakness and the cash markets appear to be biasing lower a little ahead of the average. Abundant supplies of animals and of pork production is weighing on the market and the packers appear not be slowing down. Yesterday's reduction in the daily kill was, as suspected, due to an intentional plant shut down at the Tar Heel, North Carolina facility. The carcass cut-out was net lower on the day and is providing very little support as the primals reside among five-year lows. Nearby lean hog futures have opened lower this morning, but the deferreds are trading slightly higher as of this writing. There is more talk surfacing that IF the trade talks go well between China and the US, and IF the tariffs are removed against US pork, and IF China starts (ASF-related) buying, it could be supportive, particularly in the second half of 2019. That's a lot of 'ifs', and there is no indication that the trade spat will be resolved quickly. In fact, an additional \$200 billion in tariffs are poised to go into effect on March 1 if there is no agreement. However, negotiation-watchers largely expect the arbitrary March 1 'deadline' to be kicked down the road at some point in the next two weeks. In the meantime, Q4 forward contracts represent fair value relative to cash histories amid the uncertainty.

**Canadian delivered soymeal prices opened mixed this morning.** US soybean futures are also mixed in the absence of any new information. Brazil reductions in production are priced in for now, as are the announcements of Chinese purchases. There are still a lot of beans to clear the market and the bean trade appears to be wrestling with this fact. While the market would likely get a boost on positive trade news regarding China, some of the more pessimistic market watchers are wondering aloud if the damage to the relationship has already been done. China will likely always need a certain amount of US beans; the US, however, may just not be the first call anymore.

**US corn futures opened lower this morning.** The weakness in US corn futures is arguably an extension for the bearish WASDE report that was released last Friday. There has been no bullish news since and observing that feed usage was dropped in the report and talk that ethanol demand could be weaker than expected, US corn futures have very little to rally around at this time. Talk of Chinese commitments of up to 12 MMT is supportive, but far from a certainty at this time.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		129.78 130.90	133.07 136.24	142.23 160.78	167.44 182.90	178.93 182.54	174.25 180.88	159.47 166.18	154.51 157.78	139.15 152.44	137.06 142.59
Soymeal Wpg/S.Man	453	452	460	460	469	469					

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## **h@ms Marketing Services will be closed**

**Monday, February 18 for Louis Riel Day in Manitoba/Family Day in Canada.**  
**Forward contracting will be suspended and the HMO and Opening Price reports will not be published. Normal business resumes on Tuesday, February 19.**