

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 15, 2019

For details call: (204)235-2237 or visit  
[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

## US Slaughter

470,000	Thursday
463,000	Year Ago

## Daily Prices

Iowa/S. MN.	\$48.90
W. Corn Belt	\$48.81
National	\$57.61

ML Signature 5	\$127.47
HyLife (prev. day)	\$134.23
TCP/BP2	\$127.47
BP4/TCP4	\$135.97

**BoC Rate (Noon) prev. day**  
\$1.3298 CAD / \$0.7520 USD

## Cash Prices Week Ending

**February 15, 2019**

Signature 3	117.85/53.46
Signature 4	137.12/62.20
Signature 5	127.48/57.82
h@ms Cash	135.12/61.29
HyLife	135.40/61.42
TCP/BP2	129.50/58.74
BP4/TCP4	138.99/63.05

## 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 finish the week with ISM and WCB regions higher by \$0.65 and \$0.84 USD/cwt, respectively, while the National reporting regions is finishing off \$0.32 USD lower. Abundant supplies are limiting any gains in what would normally be a period of strength before the spring lulls heading into March. Daily slaughter levels are back to normal after a couple of lower kill days were noted this week due to intentional plant shut-downs. The carcass isn't adding much to rally support, coming in net lower and led by bellies that are now at their lowest levels at this time of year going back to 2016. Lean hog futures are trading mixed to higher as of this writing, but the market is not poised for any new trend-setting rally just yet. There is an abundance of optimism coming from US sources that the China/USA trade talks will result in an agreement, thus paving the way for US pork product to help fill ASF-related supply holes. However, there's a lot of 'if's' to be resolved and peripheral geopolitics are very much in play; the extent to which Chinese buyers immediately turn to the USA for pork (or anything for that matter) also very much remains to be seen. For now, the market is in a wait-and-see approach. Despite all the uncertainty and rhetoric, current Canadian Q4 forward contract values are good value and represent a unique hedging opportunity for the unhedged producer looking to start their marketing program in that timeframe.

## Canadian delivered soymeal prices opened lower this morning.

US treasury secretary Steve Mnuchin is in China and apparently meeting with trade officials today. There has been no news on the results of these talks just yet (remember, China is a couple time zones ahead of 'the west') but the tone has been positive throughout the week. US soybeans are trading slightly higher, perhaps, because of this positivity but the fact that very large supplies need to clear the market are keeping the upside in check. Delayed export data has been less than stellar, also dimming the outlook. The USDA should be caught up on the reporting by next Friday.

**US corn futures opened lower this morning.** The mixed-to-lower feature of the US corn trade is mirroring the mixed sentiment in the marketplace generally. On the bullish side, a successful trade renegotiation between China and the USA could normalize relations and Chinese buyers could make good on the intention to purchase 12 MMT of US corn and, potentially, more ethanol too. On the bearish side, the US is well supplied with corn, ethanol demand has been lower and there is talk Brazil's second crop could be planted in an ideal window because the first crop harvest is moving along swiftly.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		126.98 128.11	130.24 133.42	139.19 157.82	164.50 181.09	178.11 180.14	173.22 180.31	158.48 165.09	153.32 156.61	138.15 151.61	136.05 141.60
Soymeal Wpg/S.Man	450	449	458	458	467	467					

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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.**