

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 20, 2019

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

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US Slaughter

481,000 Tuesday
444,000 Year Ago

Daily Prices

Iowa/S. MN. \$48.27
W. Corn Belt \$48.25
National \$57.19

ML Signature 5 \$125.73
HyLife (prev. day) \$133.53
TCP/BP2 \$125.73
BP4/TCP4 \$134.38

BoC Rate (Noon) prev. day
\$1.3238 CAD / \$0.7554 USD

Cash Prices Week Ending February 16, 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 \$55.15 US Avg.

Feeder Pigs \$69.58 US Avg.

Forward contract prices opened lower this morning. US cash markets are under pressure with all reporting regions coming in lower than the previous session. The cut-out dropped \$1.67 USD/cwt led by bellies that were \$7.04 USD lower on the day. Massive supply expectations are also pressuring cash markets that see pork production approximately 5.5% higher than year ago when slaughter numbers and weights are combined. US slaughter yesterday was a very large 481,000 hogs. WCB and National reporting values are 26% and 19% lower than year-ago respectively, and there is potentially more room to move lower if the seasonal patterns hold. Lean hog futures gapped lower at the open yesterday and by day end, four out of the seven monitored futures contracts closed limit down. Daily price limit for lean hog futures is 3 cents/lb. USD but if a contract closes limit down, the contract limit is expanded to 4.5 cents/lb. the following day. At today's open, it appeared that the extra limit may not be needed (it rarely is) but the market has turned lower again, and the nearby (April) contract was flirting with today's new 4.5 cent limit (!). Even though new ASF cases are being reported, the market has no rationale to price in the disease amid an uncertain trading dynamic and no indication Chinese buyers are turning to the USA (or anywhere else) at this time. Despite this, The October and December futures contracts are trading with the average trend seen in recent years which in turn is providing decent forward contract values in Canadian dollars in the fourth quarter. Recent action, however, has narrowed the opportunity.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower as no real news has surfaced. Many are keeping an eye out on the China/USA trade talks taking place in Washington DC, but no headline news has yet made the rounds. In the meantime, the market's move lower places it amid the recent lows but it is still a way from technical support levels. Figures coming out of Brazil from a recent poll suggesting the Brazilian bean crop will come in at 114.6 MMT compared to last year's 119.3 MMT is keeping the downside in check.

US corn futures opened lower this morning. US corn futures were higher at the open but have turned lower as of this writing. The fundamentals have not changed significantly but there is talk the price action this week will be due to more money-flow and technical action as corn options expire this week. In the meantime, March corn is approaching support levels.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		114.15 114.15	116.54 119.69	129.13 147.64	154.28 170.77	166.37 168.38	164.55 168.62	150.82 157.38	145.99 149.26	133.68 147.06	131.60 137.11
Soymeal Wpg/S.Man	442	441	449	449	458	458					

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