

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 22, 2019

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

www.hamsmarketing.ca

US Slaughter

475,000 Thursday
460,000 Year Ago

Daily Prices

Iowa/S. MN. \$45.55
W. Corn Belt \$45.32
National \$56.86

ML Signature 5 \$121.40
HyLife (prev. day) \$131.79
TCP/BP2 \$121.40
BP4/TCP4 \$133.19

BoC Rate (Noon) prev. day
\$1.3196 CAD / \$0.7578 USD

Cash Prices Week Ending February 23, 2019

Signature 3 114.58/51.97
Signature 4 134.38/60.95
Signature 5 124.48/56.46
h@ms Cash 132.38/60.05
HyLife N/A
TCP/BP2 127.48/57.82
BP4/TCP4 137.12/62.20

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 higher this morning. US cash markets are all under pressure to finish the week with the ISM and WCB reporting regions are down by a significant \$2.26 and \$2.48 USD/cwt, respectively. The National reporting region was down by a more modest \$0.39 USD. Cash hogs typically see some weakness heading into the spring and particularly near the end of February. Observing the recent weeks, it appears the seasonal shift has already occurred but what stands out is the degree to which two reporting regions came in as low as they have. A historically low cut out, a larger than expected amount of pork in the marketplace, and recent data showing that foodservice and retail levels are lower than expectations are all pressuring. Lean hog futures yesterday erased the prior day's drop and the three nearby contracts closed at or near limit up levels. The move stands in stark contrast to the previous two days of pressure that saw the April contract close at contract lows just a day earlier. A bounce could be in play but an announcement making the rounds yesterday reported up to \$30 billion in USD of 'agriculture products' over 2017 levels could be purchased by Chinese buyers as negotiators attempt to resolve the current trade dispute. Regardless, no contracts have been signed and the market would need to see consecutive days of gains in order to come off very low nearby futures pricing, not to mention some proof that the announcement will actually be put into action. Fourth quarter forward contract levels, meanwhile, also bounced back and are considered good value relative to the four-year cash performance average.

Canadian delivered soymeal prices opened lower this morning.

Although the market has been preoccupied with developments on the China/USA trade talks in Washington, DC this week, other big news is that the USDA has released export data this morning that effectively catches up after the partial US government shutdown. It is a big release that combines data from six weeks (!). Expectations ahead of the report were that net soybean exports would see between 6.1 MMT and 9.6 MMT in combined sales over this timeframe. The report came in near the lower end of the range at 6.531 MMT and the market has turned lower as of this writing.

US corn futures opened higher this morning.

Like beans, the US corn futures market saw data this morning that had been delayed due to the earlier US government shutdown. High ethanol stocks were pressuring yesterday, but this morning the market saw that net sales of corn exports came in at approximately 6.1 MMT. The pre-report expectation was for between 4.050 MMT and 7.250 MMT placing the USDA's number in the upper half of the expectations. US corn futures are showing strength this morning at the news.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		120.24 120.24	122.46 125.62	137.09 155.61	162.26 178.76	173.82 175.84	171.76 175.77	157.08 163.66	151.78 155.05	138.47 151.86	136.39 141.91
Soymeal Wpg/S.Man	449	451	454	457	463	462					

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2019 District Meetings	Date	Time	Location
Swift Current	Tuesday, March 5	12:00 Noon	Coast Hotels - 905 North Service Road East, Swift Current
H.B. Marketing & MB West	Thursday, March 7	2:00 P.M.	Glesby Centre - 11-2nd St. NW, Portage La Prairie
Heartland Marketing District	Thursday, March 14	2:00 P.M.	Starbuck Community Hall - 25 Main Street, Starbuck
Manitoba East	Friday, March 15	12:00 Noon	Smitty's Restaurant - Clear Spring Centre, Steinbach