

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 27 2019

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

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## US Slaughter

478,000 Tuesday  
445,000 Year Ago

## Daily Prices

Iowa/S. MN. \$45.56  
W. Corn Belt \$45.41  
National \$54.96

ML Signature 5 \$119.28  
HyLife (prev. day) \$127.43  
TCP/BP2 \$119.28  
BP4/TCP4 \$128.72

**BoC Rate (Noon) prev. day**  
\$1.3195 CAD / \$0.7579 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 132.67/60.18  
TCP/BP2 127.48/57.82  
BP4/TCP4 137.12/62.20

## 2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$53.44 US Avg.

Feeder Pigs \$67.32 US Avg.

**Forward contract prices opened higher this morning.** Cash market are continuing the downward trend with ISM, WCB, and the National reporting region coming in \$0.35, \$0.49, and \$0.84 USD/cwt lower respectively. Cash weakness is expected to be a feature of the marketplace over the next couple of weeks especially as large supplies are available (weekly slaughter was estimated to be over 5% above year-ago levels). The pork cut-out remains at the lows and no primal has made a sustained run higher in weeks. Lean hog futures continue to swing downward one day and upward the next. This morning, all futures are lower as of this writing, reflecting ongoing uncertainty as the market probes for a short-term bottom. Yesterday, an article making the rounds dated Monday, February 25 quoted Secretary Purdue of saying that pork "may not be a 'major part' of (trade talks) because (China) has endeavoured to become more self-sufficient in the food staple". While the market did not react to the comment, it certainly is not bullish. One takeaway could be that if the two sides are not actively negotiating on US pork now, a new China/US trade deal announcement might not support the market by itself. While an agreement may open the door for easier access if and/or when Chinese buyers look to the USA to help fill ASF supply holes, the market may simply need to wait for evidence of tangible ASF-related sales for support. To be clear, pork tariffs will likely not be completely ignored during the current talks, but pork is currently not getting the same attention soybeans or ethanol are.

**Canadian delivered soymeal prices opened higher this morning.** Support has returned to the US soybean futures trade this morning, but the market is rangebound as traders wait for evidence Chinese buyers will 'make good' on the promise to buy an additional 10 MMT of beans that is believed to be from the old crop. The market is almost completely focussed on this one issue and has a 'jittery' feel to it. In other news, it is thought that while Brazil may be facing production losses, a very large crop in Argentina should make up for the difference meaning South American production as a whole will not be greatly impacted. The large Argentine crop is welcome by producers who last year had a very challenging and disappointing season.

**US corn futures opened mixed this morning.** US corn futures are following beans higher and trading with the other grains in an absence of corn-specific news. Oddly, China/USA trade talks are factoring a bit more prominently on the commodity even as historically, China never really bought an awful lot of US corn. This time, however, there is talk that China could buy up to 12 MMT of US corn and also word that ethanol is also on the bargaining table.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			121.16 127.91	128.57 154.14	160.77 177.23	171.82 173.83	168.94 173.00	155.00 161.54	149.90 153.16	138.10 151.44	136.02 141.52
Soymeal Wpg/S.Man	448	450	452	455	462	461					

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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