

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 28 2019

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

www.hamsmarketing.ca

US Slaughter

476,000 Wednesday

465,000 Year Ago

Daily Prices

Iowa/S. MN. \$45.38

W. Corn Belt \$45.28

National \$55.78

ML Signature 5 \$119.62

HyLife (prev. day) \$129.53

TCP/BP2 \$119.62

BP4/TCP4 \$130.14

BoC Rate (Noon) prev. day

\$1.3145 CAD / \$0.7610 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 mostly higher this morning.

US cash markets are maintaining their recent tack lower which is unsurprising for this time of year. Adding to the pressure are the issues of a large supply base, meaning packers have to compete very little for the uncommitted supply of live hogs, and a relatively low carcass value that is finding no underlying support for the value of the cuts. Bellies, for example, have been hovering around the \$100 USD/cwt value but have been trending lower and are at \$97.67/cwt in yesterday's report. The primal appears to be on similar trend paths seen in 2013, 2015, and 2018 which did not see support return until the beginning of May. Hams, representing about 25% of the carcass value, are at six-year lows and potentially longer as internal data is not monitored further than 2013. There is talk that this week's reduced slaughter levels could provide support. However, weather related delays were behind the one, reduced kill-day this week and is not expected to represent a new or sustained point to rally from. Lean hog futures continue the recent choppy pattern and are higher this morning. Support is likely a function of the market discovering a recent bottom from which to recover. While, a substantial recovery is seasonally a way off for the summer contracts, this morning's boost has added value to the fourth quarter forward contract offerings in Canadian dollars that are at values higher than the last three years of cash settlements over the same time period compared, either, on average or individually.

Canadian delivered soymeal prices opened even this morning.

US soybean futures are trading lower this morning in the absence of follow through support stemming from a lack of news on the China/USA trade front. Mexico did purchase 120,000 MT of beans this week, but the market generally shrugged off the news and is instead waiting for the beginning signs of China making good on its promise to purchase 10 MMT of old crop beans. This may be more difficult than it seems and/or commitments could be cancelled as China typically shifts to South America at this time of year.

US corn futures opened lower this morning.

While US corn exports are ~38% higher than last year, US corn continues to trade in its lower range-bound pattern. This may seem odd until one remembers US corn exports contribute far less to corn disappearance than, say, soybeans for example. Weakness in the ethanol sector is a much larger concern for corn prices and ideas that China may purchase more ethanol from the US as part of the ongoing trade negotiations is starting to bring the 'hopeful bulls' into the conversation.

Forward Range
(at opening)

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Maple Leaf
Sig. #5

122.84

130.32

162.60

173.49

171.19

157.33

152.19

138.59

136.51

129.60

155.95

179.10

175.50

175.26

163.89

155.45

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