

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 1, 2019

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

www.hamsmarketing.ca

US Slaughter

476,000 Thursday
465,000 Year Ago

Daily Prices

Iowa/S. MN. \$44.96
W. Corn Belt \$44.48
National \$55.52

ML Signature 5 \$118.58
HyLife (prev. day) \$128.45
TCP/BP2 \$118.58
BP4/TCP4 \$129.78

BoC Rate (Noon) prev. day
\$1.3169 CAD / \$0.7594 USD

Cash Prices Week Ending March 2, 2019

Signature 3 109.75/49.78
Signature 4 130.15/59.04
Signature 5 119.95/54.41
h@ms Cash 128.15/58.13
HyLife N/A
TCP/BP2 124.48/56.46
BP4/TCP4 134.38/60.95

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. US cash markets are lower to finish the week with all reporting regions showing weaker values than the previous session. Under normal marketing conditions, the cash market typically sees weakness this time of year and additionally doesn't show signs of recovery for another eight weeks or so. The three-year average cash history shows the spring/summer rally to begin around the end of April. The weak cut-out value, massive supplies and weak demand from export markets are all adding 'extra' pressure at this time. In fact, the National reporting region is down approximately 19% while the WCB reporting region is down by about 29% (!) when compared to the post-2014 averages. In simple terms, there is a lot of meat that needs to clear the market and current prices are reflecting this reality on the purchase side. Lean hog futures have shown some strength at the open and are trading higher as of this writing. While good news, the nearby and summer futures have a way to claw back to earlier highs seen at the beginning of the year. The April contract, for example, is trading about 20% lower than in the first week in 2019. Again, the market is pricing in expectations of large supplies and an uncertain export trading relationship with Mexico (tariffs), China (tariffs) and now ideas that the USA could be at a competitive disadvantage in Japan relative to other competitors as a result of not signing the new Trans-Pacific Partnership. October and December futures, however, are at recent highs when compared to closing histories and Canadian forward contracts priced off these futures are considered to be good value.

Canadian delivered soymeal prices opened lower this morning.

There is still much hope among bean traders that China will make good on its promise to buy more than 10 MMT of old crop beans that is part of a larger commitment to purchase \$30 billion in US agricultural products. But all the positive sentiments, news stories and tweets have not prevented the market from turning lower today as the market waits for more firm evidence that this will indeed transpire. With Brazil harvesting and China typically looking to South America at this time of year, clearing old bean supplies from the market will be challenging.

US corn futures opened lower this morning. The move lower is mirroring the bean complex and getting some residual pressure from the recent weakness seen in the wheat trade. Ethanol demand (utilizing approximately a third of the US crop) is a bit of a concern looking forward, but like beans, China bulls are hopeful on the announcement that China may buy more US ethanol as part of a new trade deal. The market is range bound to lower in the meantime, and evidence of stronger demand will be needed before any substantial recovery can take place.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		125.85 132.63	130.92 156.62	163.29 179.83	173.99 176.01	171.69 175.77	157.72 164.30	152.50 155.77	139.41 152.81	137.32 142.85
Soymeal Wpg/S.Man	446	449	452	458	457	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