

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 6, 2019

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

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US Slaughter

478,000 Tuesday
454,000 Year Ago

Daily Prices

Iowa/S. MN. \$44.95
W. Corn Belt \$44.95
National \$55.69

ML Signature 5 \$120.94
HyLife (prev. day) \$130.53
TCP/BP2 \$120.94
BP4/TCP4 \$131.92

BoC Rate (Noon) prev. day
\$1.3345 CAD / \$0.7593 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 128.45/58.26
TCP/BP2 124.48/56.46
BP4/TCP4 134.38/60.95

2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$47.89 US Avg.

Feeder Pigs \$68.65 US Avg.

Forward contract prices opened mostly higher this morning.

US cash markets are mixed mid-week with the ISM and WCB regions down about \$0.20 USD/cwt while the National region is up by \$0.30 USD. A return to 'normal' slaughter levels was achieved yesterday following weather related disruptions earlier this week and last week as well. The reduced slaughter capacity absolutely impacts the year over year comparisons, but the reductions are not trend setting and a large amount of pork is still expected to be processed which is weighing on the market. Lower cut-out values are squeezing margins, but packers are still profitable and motivated to keep hooks full. Hams led the primals lower for a net negative 34-cent change on the day and are maintaining the low values that have been seen since the beginning of the year. Lean hog futures have opened lower to start the session but a drop in the value of the Canadian dollar has meant Canadian forward contract levels have been maintained slightly higher than yesterday's close. The current futures values reflect a story of 'two markets. Summer contracts are at lows relative to history on massive supply and no real news on the export trading front while fourth quarter futures months are at post-2014 closing value highs on continued optimism that trade conflicts will be resolved. The degree to which an ASF premium is priced remains to be seen (i.e. some is likely but not all). Regardless, the levels are supporting good Canadian forward contracting opportunities compared to the past four years of cash settlements seen over this timeframe.

Canadian delivered soymeal prices opened even this morning.

Hope continues to buoy the market with China 'potentially' responding positively to President Trump's request to remove tariffs on agriculture products being cited in some widely-read publications (!). Today, however, the market has pulled back from recent strength as the numbers don't yet match the rhetoric. Tomorrow should be a telling day as up to date weekly export numbers will be released before the market opens. Ongoing volatility is expected to be a common theme until the Trump/Xi meeting later this month.

US corn futures opened lower this morning. Like beans, US corn futures are in a two-sided and choppy pattern as the market awaits news on direction. Tomorrow's export report should provide some clues, but the market appears to be waiting for that 'big news' event which has revolved around the China/USA trade situation of late. However, an article surfaced that Mexico may attempt to place more tariffs on the US (including corn) as the steel and aluminum issue tariff lingers. Recall that Mexico is the number one importer of US corn.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		126.66 135.56	132.63 158.78	165.56 182.39	176.88 178.93	174.15 178.54	159.22 165.91	153.66 156.98	141.29 154.89	139.17 144.78
Soymeal Wpg/S.Man	455	458	461	468	467	470				

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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