

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 7, 2019

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

www.hamsmarketing.ca

US Slaughter

477,000 Wednesday

451,000 Year Ago

Daily Prices

Iowa/S. MN. \$45.10

W. Corn Belt \$44.83

National \$55.92

ML Signature 5 \$121.73

HyLife (prev. day) \$131.33

TCP/BP2 \$121.73

BP4/TCP4 \$133.19

BoC Rate (Noon) prev. day
\$1.3420 CAD / \$0.7492 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 mixed this morning. US cash markets are once again mixed this week but are under \$0.25 (USD) in daily difference on either side as compared to the previous day. Determining the rationale behind moves this small day over day in cash activity is difficult to pinpoint without having boots on the ground in the reporting regions. The fundamentals have not changed drastically and it is a bit too early for the seasonal cash rally when looking at recent years' activity, not to mention the averages. The pork cut-out was nominally higher, led by bellies, that were lower just a day ago and which continue their choppy pattern at the lows. The value of the carcass is also residing among lows since the beginning of 2019 with no one primal showing significant strength at this time. Lean hog futures are mixed to start the session with the nearbys showing some modest strength while the deferred contracts are trading near steady to the previous session. Day to day moves, however, do not yet show clear market direction and have shifted from being higher one day to immediately lower the next. The good news for hog producers is that there had been an overall upward trend since the beginning of the month, and it does appear the spring and summer contracts discovered the bottom about two weeks ago. Amid all this uncertainty, October and December futures contracts are holding value at post-2014 closing highs and represent a unique opportunity to lock in a profitable fourth quarter, especially if an ASF cash premium shows up this autumn.

Canadian delivered soymeal prices opened even this morning.

Net sales of soybeans were a disappointing 311,400 MT for the week with only modest sales reported for China (146,300 MT). The market will need to see much more than that for the remainder of the marketing year if the expectation is for old crop ending stocks to be drawn down enough to support pricing. On that note, tomorrow marks the release of the February WASDE report and the average pre-report estimate is for ending stocks to come in at 902 million bu. This is not a 'forward looking' report so China commitments will not be reflected tomorrow. The market will need to watch other indicators for clues that China has started buying significant amounts of US beans again.

US corn futures opened lower this morning.

Weakness in US corn futures could also be a function of 'weak' sales and possibly a reaction to ideas that Mexico is considering a 'mirror' tariff on some US ag products as the steel and aluminum tariff issue drags on. While net sales of approximately 970,000 MT are not low per se, it represents a 'slowing down' of sales when things are usually picking up this time of year. Last year, for example, saw multiple weeks of 1+ MMT sale weeks (often over 1.5 MMT) and even a 2+ MMT net sale week at the beginning of March last year.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		130.21 137.10	130.40 156.51	163.28 180.09	175.02 177.07	173.33 177.48	158.42 165.10	153.11 156.44	140.49 154.10	138.37 143.98
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