

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 8, 2019

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

www.hamsmarketing.ca

US Slaughter

475,000	Thursday
467,000	Year Ago

Daily Prices

Iowa/S. MN.	\$45.10
W. Corn Belt	\$44.83
National	\$55.59
ML Signature 5	\$121.51
HyLife (prev. day)	\$131.31
TCP/BP2	\$121.51
BP4/TCP4	\$132.60

BoC Rate (Noon) prev. day
\$1.3438 CAD / \$0.7442 USD

Cash Prices Week Ending March 9, 2019

Signature 3	109.27/49.56
Signature 4	131.61/59.70
Signature 5	120.44/54.63
h@ms Cash	129.61/58.79
HyLife	N/A
TCP/BP2	119.95/54.41
BP4/TCP4	130.15/59.04

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 higher this morning. Some US cash reporting regions did not post values yesterday (ISM and WCB) which could be due to very low delivery volumes or confidentiality concerns or some combination of the two as both issues are related. The National reporting region came in \$0.33 USD/cwt lower on the day. There has been some recent stabilization in the US cash markets and observed day-over-day changes have not been as intense. Regardless, the market is exhibiting features that are usually seen at this time of year, which is to say trending lower. Broad trend analysis reveals that more support is coming in the next few weeks under normal marketing conditions. In the meantime, large slaughter levels (estimated to be about 4.5% higher for this past week) and high pork production are weighing on the market. A seasonal reduction in slaughter should offer support when the situation fully develops, but the extent to which marketing conditions remain 'seasonal' remains to be seen considering the uncertainty with the international trade status (Mexico (steel and aluminum related pork tariffs), Japan (TPP) and China (ongoing trade war)). Lean hog futures are showing some strength to finish the week but strength in the Canadian dollar on favourable employment numbers are buffering the net increase in forward contracts priced in Canadian dollars. To be sure, there is a positive impact relative to the previous session and the move represents a shift from the lowest levels seen earlier in the month. There is also talk that a favourable announcement following president Trump's meeting with president Xi later this month could provide an additional boost to the futures market. For now, fourth quarter values remain strong relative to annual cash settlement histories on average.

Canadian delivered soymeal prices opened lower this morning.

US soybeans continue to trade under pressure as a lack of any substantial 'good news' and improving weather in South America weighs on the trade. There is a lot of hope that China will make good on their commitment to buy more US beans. But the announcement yesterday of 500,000 MT was for delivery in the new crop timeframe and will thusly not impact old crop ending stocks which are quite high. On that note, the February WASDE report will be released mid trade today with pre-report expectations on ending stocks coming in over 900 million bushels.

US corn futures opened higher this morning.

Some mild strength has returned to finish the week after yesterday probing lower and posting the lowest closing low going back to November of last year. The market is thought to be oversold at this time meaning today's action could simply be a technical bounce; the market really doesn't have much rationale to move higher just yet. However, there are editorials starting to surface that a late spring melt could impact corn planting and potentially shift or reduce acres. Today's WASDE report is not expected to reveal any shocks, although, the WASDE report often surprises.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		131.83 138.11	138.30 160.30	167.06 183.86	178.47 180.52	176.09 181.37	161.18 167.86	156.16 159.49	141.81 155.44	138.37 143.98
Soymeal Wpg/S.Man	453	456	459	466	465	465				

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2019 District Meetings	Date	Time	Location
Heartland Marketing District	Thurs., 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