

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 11, 2019

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

www.hamsmarketing.ca

US Slaughter

2.548 mil. Last Week
2.410 mil. Year Ago

Daily Prices

Iowa/S. MN. \$46.73
W. Corn Belt \$46.59
National \$55.92

ML Signature 5 \$123.92
HyLife (prev. day) \$132.26
TCP/BP2 \$123.92
BP4/TCP4 \$133.23

BoC Rate (Noon) prev. day
\$1.3422 CAD / \$0.7450 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 130.94/59.39
TCP/BP2 119.95/54.41
BP4/TCP4 130.15/59.04

2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$45.82 US Avg.

Feeder Pigs \$69.65 US Avg.

Forward contract prices opened higher this morning. US cash markets are starting the week off with a bit of strength and all Monday's reference prices have come in higher relative to the previous session. Supporting the cash market is some strength in the cut-out that is being led by hams and bellies and ideas from the more bullish market watchers that exports are 'picking up'. At least one widely read publication suggested the pork exports were 23% higher relative to the same marketing week last year. This is true. However, the number is also 17.8% lower than most recent week this year and relatively 'normal' compared to last year when looking at many weeks over this period. Massive amounts of pork are still being processed and slaughter is 5.7% higher than last year, which is a trend that we have seen on average since the beginning of the year and will likely be keeping the lid on rallies in the meantime. Lean hog futures are also showing some strength to start the week on optimism of ongoing USA/China trade talks and, presumably, the news on positive export activity that was making the rounds on Friday noted above. Trade talks have a long way to go, however, and also as noted above, the export situation is not all that different from last year meaning all the pork currently produced still has to clear the market. Theoretically, export activity would have to be sustained at levels exceeding expected pork production (all else equal) if any meaningful support is to return to the market, and that has simply not happened...yet. In the meantime, the recent strength has provided better value to the fourth quarter forward contracts in Canadian dollars.

Canadian delivered soymeal prices opened lower this morning.

The market continues to trade on hope and speculation that the recent shipments to China and talk that Chinese buyers have secured 2-3 MMT of beans are indicative of a more robust buying spree. Massive amounts of current ending stock relative to history, improving weather in South America, and a cumulative volume into China that is massively off-track relative to previous years is weighing on the trade this morning. There is increasing talk and perhaps some evidence that traders are fatigued and growing weary of positive trade talk messages in the absence of hard numbers (or dates) to back up the press releases and twitter messages.

US corn futures opened lower this morning. US corn futures are following beans lower and on continuing pressure seen in the wheat trade. A stronger US dollar is also negative for exports and weighing on the market. There is already talk of delayed planting activity due to a late thaw that could provide some support further out. And at least one widely read ag publication was suggesting the recent load of sorghum to China could be 'a sign' of better sales to come.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		139.81 142.99	142.15 164.11	170.87 187.64	181.22 183.27	176.96 183.32	162.08 168.75	156.93 160.25	142.14 155.73	140.02 145.63
Soymeal Wpg/S.Man	N/A due to system down. Serious enquiries please call the office									

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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