

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 12, 2019

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

www.hamsmarketing.ca

US Slaughter

475,000 Monday
459,000 Year Ago

Daily Prices

Iowa/S. MN. \$48.58
W. Corn Belt \$48.44
National \$55.48

ML Signature 5 \$125.60
HyLife (prev. day) \$131.05
TCP/BP2 \$125.60
BP4/TCP4 \$132.09

BoC Rate (Noon) prev. day
\$1.3414 CAD / \$0.7455 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 once again mixed with the ISM and WCB regions up by approximately \$1.85 USD/cwt. while the National regions was \$0.44 USD lower. There are thoughts that as the new Prestage plant continues to ramp up production, some of that new demand is showing up in competition for the uncommitted hogs in the WCB region, for example, and contributing to the strength in those cash markets. The extent to which this strength is maintained remains to be seen, but if it continues, it could represent an earlier-than-typical spring rally heading into the summer. Daily cut-out was also supportive and saw a net \$1.38 USD/cwt. change on the day. Lean hog futures backed off this morning, but are regaining some strength, following the two days of strength seen over Friday and Monday. The move has lifted the overall nine-month forward contract priced in Canadian dollars approximately \$7 CAD/ckg over the three-year cash average over the same time frame. Fourth quarter values are higher by more than \$10 CAD/ckg when compared to the three-year average cash settles. Could ASF related issues provide a further boost to the futures? Could cash markets be higher when it comes time to settle those hogs for any reason? Yes. Absolutely. In the meantime, current forward contract rates represent good value and could be considered a starting point for the unhedged producer over these timeframes in a market that is increasingly exhibiting features of uncertainty.

Canadian delivered soymeal prices opened lower this morning.

US soybeans are showing some mild strength after the nearby contract probed to the lowest closing lows going back to last November. There is much discussion if the current values have priced in expected China demand/commitments. If they are priced in, it could mean a limited upside if China starts buying and further lows if they don't. Those who expect the market to rally are generally of the view that China demand is not priced in, but recall, old crop ending stocks is still sitting at more than 900 million bu.

US corn futures opened lower this morning. Like beans, US corn futures are a bit higher to start the session after seeing the lowest values going back to September 2018. The market has seen pressure on residual weakness in the wheat market and ideas that ethanol softness could materialize (remembering ethanol utilizes approximately one third of the US corn crop on average year over year). Support returns on ideas that a delayed spring could push back plantings and even require farmers to switch acreage in the more extreme circumstances.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		144.08 147.25	144.44 166.34	173.08 189.81	183.69 185.74	178.29 192.56	163.44 170.09	158.53 161.84	143.28 156.87	141.17 146.77
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