

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 13, 2019

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

## US Slaughter

477,000 Tuesday  
464,000 Year Ago

## Daily Prices

Iowa/S. MN. \$50.11  
W. Corn Belt \$50.07  
National \$56.85

ML Signature 5 \$128.89  
HyLife (prev. day) \$134.22  
TCP/BP2 \$128.89  
BP4/TCP4 \$135.00

**BoC Rate (Noon) prev. day**  
\$1.3378 CAD / \$0.7475 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.** While not a trend yet, US cash markets are all up relative to the previous session for the second time this week. Yesterday, there was some softness in the National region. Today, ISM, WCB and National reporting regions are higher by \$1.51 USD/cwt on average. If the recent activity develops into a trend, cash prices could be poised to head into the spring rally early, and by about five weeks when compared to the three-year average. New plant activity, continued optimism on pork movements, and recovery in the value of the carcass is providing rationale for the support. Lean hog futures are likewise higher on increasing optimism (if one can call it that) that the ASF outbreak in China is getting worse and spreading throughout Asia (i.e. Vietnam who is also reporting outbreaks). A new outbreak in China found on a truck (after having no new reported cases for a time) is adding to the 'disease getting worse' narrative. There is not question there. What is questionable, however, is the degree to which China buyers will turn to the USA for their ASF-related production holes. Even more elusive is what back-fill would look like if China goes elsewhere. While US pork is cheap in the global market place now (due to tariff related issues), if prices keep rising, it won't be for long and there is still that nagging fact that China has not registered any meaningful sales commitments. Tomorrow's US report will be watched closely and follow through buying could resume if an uptick in China buying activity is noted. In the meantime, Canadian forward contract values have increased in value over the past three days and could represent and even better hedging opportunity than just last week when values were (and still are) considered very good.

## Canadian delivered soymeal prices opened lower this morning.

Us soybean and soymeal futures are higher after bouncing off the lower earlier this week. There are thoughts that a low could be reached in the short term. Supporting prices this morning is news the CONAB (Brazil) has lowered its estimate of the crop from 115.3 MMT to 113.5 MMT and some pre positioning before tomorrow's export sales report where market watchers will be looking for new sales commitments to China.

**US corn futures opened higher this morning.** Like beans, US corn futures is following the bean complex higher after probing for a market low earlier this week. The EPA proposed a rule to end the ban on higher ethanol blended gasolines during the summer months which would be supportive if passed. Also like beans, corn traders will be looking for clues into China purchasing in tomorrow's export sales report. While china does not typically buy a lot of US corn comparatively, Chinese negotiators have suggested they could buy up to 12 MMT of US corn and this will be watched for in the coming weeks and months.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.21 151.37	147.49 169.06	175.78 191.36	188.37 190.28	180.50 189.92	166.43 173.13	160.61 165.03	145.02 158.27	142.68 148.06
Soymeal Wpg/S.Man	448	450	453	461	459	463				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

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