

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 25, 2019

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

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

## US Slaughter

2.508 mil. Last Week  
2.410 mil. Year Ago

## Daily Prices

Iowa/S. MN. \$70.24  
W. Corn Belt \$68.79  
National \$64.83

ML Signature 5 \$161.71  
HyLife (prev. day) \$152.51  
TCP/BP2 \$161.71  
BP4/TCP4 \$154.32

**BoC Rate (Noon) prev. day**  
\$1.3411 CAD / \$0.7457 USD

## Cash Prices Week Ending March 23, 2019

Signature 3 145.61/66.05  
Signature 4 144.65/65.61  
Signature 5 145.13/65.83  
h@ms Cash 142.65/64.71  
HyLife 146.18/66.31  
TCP/BP2 128.64/58.35  
BP4/TCP4 134.89/61.19

## 2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$51.73 US Avg.

Feeder Pigs \$79.30 US Avg.

**Forward contract prices are higher this morning.** US cash markets started the week higher after the previous week of activity that suggests the summer 'run up' has materialized a bit ahead of what would be considered normal. Cut-out values are improving and moved approximately \$7.00 USD/cwt over last week. The move represents a shift in value of the net cut-out over year ago levels for only the 7<sup>th</sup> time in over 15 months. Slow animal movements to plants impacted by excessive flooding is also supportive, as are lower hog weights that have been witnessed recently. But the real story is found in the lean hog futures values. Massive speculation regarding impacts of ASF on the global pork trade as China deals with an out-of-control outbreak has seen lean hog futures rally about 25% since the week ending March 16. Arguably, the rally began on the 13<sup>th</sup> and continued to gain steam as stories surfaced suggesting China was 'back in' the international pork market after witnessing modest amounts of purchase commitments in the weekly USDA report. Meanwhile, other stories showing the ASF situation worsening, along with outbreaks in Vietnam, and ideas of massive official underreporting in China sent the market higher. The net move has meant forward contract levels over \$200 CAD/kg were achievable for eight-plus months, a feat that continued in the early morning trade today. The market has backed off at day end, but historically high forward contract pricing remains.

**Canadian delivered soymeal prices opened higher this morning.** While China/USA trade dynamics continue to dominate the headlines there is reason to watch the domestic front. Prospective plantings will be released at the end of the week from a survey taken earlier in March. It is unclear if the current flooding situation will be reflected in the data, but the market is looking a situation the could see cooler than normal temperatures and areas of floodwater to deal with as frozen ground prevents absorption of melting snow; flooded areas are also expected to see some rain. In the meantime, a recent poll suggests bean acres could drop from 89.2 mil. (l/y) to 86.2 mil. this year.

**US corn futures opened higher this morning.** US corn futures are seeing some strength to start the week. Like beans, the cool, wet weather, and in some cases excessive flooding, is providing support. There is already talk of shifting acres if planting weather remains uncooperative. Flooding is just exacerbating the problem that could intensify before it improves. China is also front-and-centre in the discourse as news continues to surface that China will buy more US corn and ethanol. On the other hand, a recent poll puts corn acreage higher than last year: from 89.1 mil. to 91.3 mil. (this year's estimate).

| Forward Range<br>(at opening) | Apr | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              |
|-------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf<br>Sig. #5         |     | 178.11<br>199.83 | 206.58<br>222.38 | 219.68<br>221.73 | 212.52<br>221.49 | 198.35<br>205.10 | 192.57<br>196.90 | 171.48<br>184.83 | 169.12<br>174.41 |
| Soymeal<br>Wpg/S.Man          | 456 | 468              | 474              | 472              | 476              | 477              |                  |                  |                  |

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.

follow us @hamsmarketing  


STRENGTH IN NUMBERS