

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 26, 2019

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

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US Slaughter

474,000	Monday
459,000	Year Ago

Daily Prices

Iowa/S. MN.	\$71.45
W. Corn Belt	\$70.45
National	\$67.08

ML Signature 5	\$166.61
HyLife (prev. day)	\$158.33
TCP/BP2	\$166.61
BP4/TCP4	\$159.79

BoC Rate (Noon) prev. day
\$1.3420 CAD / \$0.7452 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 continue to climb upwards with many in the trade suggesting the spring/summer run-up has arrived. The ISM and WCB reporting regions were \$1.21 and \$1.71 USD/cwt higher respectively while the National region came in \$2.25 USD higher on the day. While the ISM and WCB regions posted lower gains relative to the National region yesterday, recent activity in the ISM and WCB regions, which at first narrowed the gap, have since surpassed the National region and are posting the higher base price. This is unsurprising; the ISM and WCB regions are typically more volatile and respond to market conditions much more quickly than in the National region which uses a different pricing mechanism and includes hogs that are sourced outside of cash negotiations. Recent optimism has influenced the move. Lean hog futures are trading in as sideways pattern with a bias to the upside, but with far less intensity than seen last week. The market has largely priced in expectations for now and while there is some concern that the market is overbought technically, there is little question of the current value given the optimism looking forward according to many. US pork in cold storage was up 9.5% from last month and 1% over last year but there are ideas this will swiftly draw down when China and/or other regions start buying to fill production holes left by ASF and its consequences.

Canadian delivered forward contract prices opened higher this morning. US soybean futures turned around mid-trade yesterday and were trading lower at the close in a pattern that has continued this morning. The pressure comes from a lack of progress on the USA/China trade file although there is news surfacing that treasury Secretary Steve Mnuchin and US Trade Representative Robert Lighthizer will be in China Thursday and Friday this week for what is considered to be the eight round of negotiations. US prospective plantings and quarterly grain stocks reports will be released on Friday this week; many are suggesting lower acreage relative to last year.

US corn futures opened lower this morning. US corn futures have seen some strength return also on expectations that China will be larger purchasers of US corn and ethanol following the completion of a successful trade renegotiation. The interesting part is that China has not been a historically high purchaser of US corn, so the 'China component' is a relatively new development in the corn market. Regardless, Chinese officials have suggested up to 12 MMT of corn could be imported along with purchases of US produced ethanol which would be a boost to the trade.

Forward Range
(at opening)

Maple Leaf
Sig. #5

Soymeal
Wpg/S.Man

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

178.14
199.84

220.76
222.40

219.58
221.62

213.11
211.67

198.97
205.70

193.20
197.52

173.20
186.52

170.85
176.13

465

468

474

472

476

478

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