

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 28, 2019

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

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US Slaughter

2.501 mil. Last Week
2.363 mil. Year Ago

Daily Prices

Iowa/S. MN. \$50.48
W. Corn Belt \$50.38
National \$60.80

ML Signature 5 \$132.73
HyLife (prev. day) \$142.86
TCP/BP2 \$132.73

BoC Rate (Noon) prev. day
\$1.3256 CAD / \$0.7544 USD

Cash Prices Week Ending

January 26th, 2019

Signature 3 127.77/57.96
Signature 4 143.78/65.22
Signature 5 135.77/61.58
Brandon
h@ms Cash 141.78/64.31
HyLife 142.71/64.73
TCP/BP2 133.67/60.63
Moose Jaw/Langley
BP4/TCP4 141.83/64.33
Moose Jaw/Langley

2018 Top-Up Value (unofficial)

\$6.50/ckg (call for details)

ISO Weans \$60.96 US Avg.

Feeder Pigs \$71.45 US Avg.

Forward Range
(at opening)

Maple Leaf
Sig. #5

Soymeal
Wpg/S.Man

Forward contract prices opened mixed this morning. US cash markets are lower to start the week. The ISM, WCB and National reporting regions came in \$0.99, \$0.95 and \$0.15 USD/cwt lower than the previous day. While the three-year average pricing profile suggests cash strength typically lasts for another couple weeks (rendering the recent activity somewhat counter-seasonal), last year's cash prices took a turn in week seven. This week is considered week five, so if the recent move develops into a larger trend, the spring pressure seen over the last four years will have developed two weeks earlier than last year and about four weeks earlier than the average. While cash pricing pressure is not a certainty, there are not many signals suggesting cash markets should move higher at this time. Lean hog futures are called steady and the futures market has opened near Friday's closing values. The trade is choppy and two sided and not all the monthly contracts are trading in the same direction as of this writing. There have been no major announcements over the weekend save for the announcement that the US government shutdown is over for now. In the meantime, the China/US trade file is as elusive as ever although there was some news that major industry groups have written a letter to 'the Trump Administration' last week, asking for the removal of steel and aluminum tariffs on Canada and Mexico. If removed, Mexico would likely remove its pork tariff on the USA, in kind, almost immediately.

Canadian delivered soymeal prices opened lower this morning.

The big news over the weekend was that President Trump announced that the US government shutdown is over...for now. President Trump has given the US Congress until February 15 to come up with a plan on border security or he will shut down the government once again. In the meantime, some market participants will be waiting to see how the USDA releases information over the next couple days. The WASDE report should normally be published over this time (Feb 8). However, it is unclear if the February report can be prepared in time. Recall that the January report was cancelled for shutdown-related issues. Bean are trading lower this morning.

US corn futures opened lower this morning.

For the past couple weeks, anyone who navigated to the USDA's Foreign Agriculture Service's Export Sales Query system was directed to a page that described the shutdown, but the data query system was not available. For market watchers, these data can be very valuable in order to determine sales and movements. There was word last week that China may (may!) purchase up to 12 MMT of corn in order to, among other things, soften the relationship with the US. While it is unlikely those purchases will be finalized under the current frostiness, the market will nonetheless be watching for any indication that China has started buying while the government agencies remain open for now.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			131.58 135.81	137.18 142.79	147.26 160.34	163.93 176.94	176.11 179.02	170.15 178.66	154.35 160.97	148.48 152.24
Soymeal Wpg/S.Man	458	458	457	465	465	474				

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