

Hog Margin Outlook

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Wednesday, April 3, 2019

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

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US Slaughter

476,000 Tuesday
463,000 Year Ago

Daily Prices

Iowa/S. MN. \$75.75
W. Corn Belt \$75.63
National \$76.33

ML Signature 5 \$182.89
HyLife (prev. day) \$179.17
TCP/BP2 \$182.89
BP4/TCP4 \$180.79

BoC Rate (Noon) prev. day
\$1.3344 CAD / \$0.7474 USD

Cash Prices Week Ending March 30, 2019

Signature 3 180.08/81.68
Signature 4 164.02/74.40
Signature 5 172.05/78.04
h@ms Cash 162.02/73.49
HyLife 167.11/75.80
TCP/BP2 145.13/65.83
BP4/TCP4 144.65/65.61

2019 Rolling Top-Up Estimate
\$6.95/ckg

ISO Weans \$59.96 US Avg.

Feeder Pigs \$86.96 US Avg.

Forward contract prices are higher this morning. US cash markets are mixed mid-week as the ISM region has pulled back a bit from the recent tack upward while WCB and National regions saw gains although ISM and WCB regional pricing was not reported for the previous day meaning the comparisons are not completely aligned. Regardless, the market appears to be in the earlier stages of its seasonal trend upward and is getting some help from an improving cut-out. There is, furthermore, optimism on future demand motivating packers to keep hooks full ahead of a perceived ASF-related demand event even with Chinese and Mexican tariffs in place on US pork. Trade talks with China have not yet been concluded and an apparent 'heating up' with Mexico on border issues are some of the many issues disrupting (or that could disrupt) current trade flows (not to mention the ongoing section 232 steel and aluminum tariffs that are a in some ways preventing further progress on the new-NAFTA file (USMCA in the USA; CUSMA in Canada)). Meanwhile, lean hog futures are maintaining the strength that developed yesterday for the second session this week. The futures market has been reinvigorated on ideas that future pork demand in global markets is really more of a possibility now that an avian flu outbreak has been detected in northeaster China which could potentially limit the extent to which consumers have access to pork-replacing proteins. Short covering (i.e. exiting a position with a 'buy' action) has also been cited for some of yesterday's strength which has continued into the early morning session today.

Canadian delivered forward contract prices opened higher this morning. US soybeans are trading higher at the open even though the recent fundamental news has been more bearish. Brazil's crop is big and getting bigger while Argentina is poised to harvest 50+ MMT which is among the top producing years. Meanwhile, apparent progress on the China/USA trade file is keeping the speculators on their toes. As well, there is some talk starting to surface that China demand for beans could actually increase next year, despite ASF related feed demand losses, as chicken, aquaculture and other protein sources step up production to address the upcoming pork void in the region.

US corn futures opened higher this morning. US corn futures are climbing out of the lows after reaching a closing low record (since the contract was available) following the release of the USDA planting and grain stocks reports last week. The market could also get a boost if prevent plant acreage is increased or farmers switch acers following the recent poor weather in some areas. There are a number of market watchers suggesting the recent acreage report could be overstated as the surveys were taken before the flooding materialized in the worst-hit areas.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		184.68 190.44	197.17 212.90	209.96 211.88	196.55 211.88	185.77 192.19	179.83 183.46	160.78 173.43	158.44 163.81
Soymeal Wpg/S.Man	459	461	468	467	471	473			

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STRENGTH IN NUMBERS