

# Hog Margin Outlook

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Thursday, April 4, 2019

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<b>US Slaughter</b>	
477,000	Wednesday
465,000	Year Ago
<b>Daily Prices</b>	
Iowa/S. MN.	\$76.62
W. Corn Belt	\$76.25
National	\$76.86
ML Signature 5	\$184.00
HyLife (prev. day)	\$180.52
TCP/BP2	\$184.00
BP4/TCP4	\$181.78
<b>BoC Rate (Noon) prev. day</b>	
\$1.3324 CAD / \$0.7505 USD	
<b>Cash Prices Week Ending</b>	
<b>March 30, 2019</b>	
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
<b>2019 Rolling Top-Up Estimate</b>	
\$6.95/ckg	
ISO Weans	\$59.96 US Avg.
Feeder Pigs	\$86.96 US Avg.

**Forward contract prices are higher this morning.** US cash hog markets continued their decisive trend higher mid-week, with most US pricing points gaining about +40% of their value over the last 3 weeks. The gains in hog values have been supported by stronger pork prices, with the pork cut-out adding just over 25% of its value in the same timeframe and currently valued at about 15% higher than levels seen at this time in 2018. While news of Chinese buyers stepping in to purchase US pork initiated this rally, there has been only modest additions to their purchase orders since the start of this recent rally. A 50% tariff is levied on US pork products in China, which makes suppliers from South America and Europe more competitive in China until the US/China trade dispute is resolved and the tariff is lifted. Producers that have not yet taken any forward price protection should use the current forward prices to cover a third of their intended 2019 production and set targets at \$10/ckg. increments higher than current prices for additional protection.

**Canadian delivered forward contract prices opened mixed this morning.** US/China trade talks resumed this week in Washington DC, which has promoted some optimism in the Soybean complex. New crop Soybean meal futures have recovered recently and are trading at the upper end of their 2-month trading range. However, weather influences will start to take a more dominant role in market moves over the next month.

**US corn futures opened higher this morning.** US corn futures have recovered approximately half of their losses experienced last Friday, so far this week. Speculation of a border 'thickening' between the US and Mexico after President Trump threatened a border closure with Mexico has added uncertainty and significant volatility in the corn market.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		191.85 197.63	204.36 220.12	215.44 217.36	203.65 216.80	192.86 199.29	187.16 190.80	169.63 182.32	167.28 172.67
Soymeal Wpg/S.Man	458	461	468	466	470	472			

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