

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 15, 2019

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

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US Slaughter

2.384 mil. Last Week
2.372 mil. Year Ago

Daily Prices

Iowa/S. MN. \$76.98
W. Corn Belt \$76.52
National \$78.50

ML Signature 5 \$186.34
HyLife (prev. day) \$184.84
TCP/BP2 \$186.34
BP4/TCP4 \$185.73

BoC Rate (Noon) prev. day
\$1.3378 CAD / \$0.7475 USD

Cash Prices Week Ending April 13, 2019

Signature 3 185.34/84.07
Signature 4 184.89/83.87
Signature 5 185.12/83.97
h@ms Cash 182.89/82.96
HyLife 183.85/83.39
TCP/BP2 182.98/83.00
BP4/TCP4 180.15/81.72

2019 Rolling Top-Up Estimate
\$5.83 CAD/pkg

ISO Weans \$65.56 US Avg.

Feeder Pigs \$100.17 US Avg.

Forward contract prices are mostly higher this morning. US cash markets are starting the week with all reporting regions higher; ISM, WCB and National are up \$0.72, \$1.86, and \$0.13 USD/cwt respectively for this holiday-shortened week. While the 2.458 million hogs slaughtered last week is not the highest number ever seen, it remains high, as does pork production, which is among record levels. The value of the carcass improved last week and is currently at highs for this time of year (except for the 2014 marketing year) going back to when the data was being recorded in this manner (i.e. 2013). Bellies are trending higher and are on pace to be the highest on record in a couple weeks (including 2014) at this time of year. Meanwhile, hams have turned lower which is notable considering that hams represent approximately 25% of the value of the carcass. There is talk that weakness in the ham primal is a function of the ongoing trade dispute and subsequent tariffs placed on the USA by Mexico. Lean hog futures gapped higher at the open but have reversed course and are currently trading near levels seen at the close on Friday. A report from Rabobank suggesting that 200 million animals could be culled and/or lost to ASF related issues was supportive at the end of the week. As well, China committed to purchasing an additional 77,000 MT of pork in a report published Thursday, representing one of the largest single week purchases on record and providing the market with some evidence that Chinese buyers will indeed be committed to buying some pork from the USA.

Canadian delivered forward contract prices are higher this morning. US soybean futures are higher. Despite ideas that the large carryout could pressure prices further out, the bean trade has yet to react substantially. Optimism that China will resume and continue to buy beans is supporting the market for now and is the dominant narrative in the bean trade. There are critics on both sides of the argument, however. On one side, China will still need supplies even with ASF as they ramp up protein production elsewhere; on the other side, Brazil has already supplied China with the lion's share of beans this year and there is little room left for US product regardless of commitments and announcements.

US corn futures are higher this morning. Strength in US corn futures is also a function of China trade talks where Chinese negotiators have suggested up to 12 MMT of corn purchases are possible upon a successful trade re-negotiation not to mention talk of increased imports of ethanol into China. But the weather is also playing a role. Cool wet weather forecast to the end of this week (and also to the end of the month depending on the model) has the market readying for a late corn plant and potentially a shifting of acres.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #5		196.23 201.74	207.98 221.77	220.86 222.58	215.07 224.21	205.27 211.08	199.90 205.44	184.97 196.43	178.56 187.52	175.25 186.06
Soymeal Wpg/S.Man	462	465	468	467	472	474				

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STRENGTH IN NUMBERS

