

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 16, 2019

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

www.hamsmarketing.ca

US Slaughter

436,000	Monday
461,000	Year Ago

Daily Prices

Iowa/S. MN.	\$77.84
W. Corn Belt	\$77.42
National	\$78.80
ML Signature 5	\$188.15
HyLife (prev. day)	\$184.86
TCP/BP2	\$188.15
BP4/TCP4	\$186.79

BoC Rate (Noon) prev. day
\$1.3354 CAD / \$0.7488 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/ckg

ISO Weans \$65.56 US Avg.

Feeder Pigs \$100.17 US Avg.

Forward contract prices are mostly higher this morning. US cash markets are higher with ISM, WCB, and National regions up by \$0.86, \$0.90, and \$0.30 USD/cwt, respectively. Cash markets continue to see upward momentum that is typically a feature of cash markets at this time of year, but this year, the cash rally started a bit early amid the optimism that China would be looking for supplies. While the average net price of the hog has rapidly increased relative to what is normally seen seasonally, packers are still profitable as the pork cut out has tracked along a similar trend and is maintaining a positive margin over the cost of the animal. Lean hog futures traded in a more sideways pattern yesterday, levelling off from the initial upward momentum that was seen earlier. There is some early chatter suggesting the market has priced in the 'known' information for now, but most are of the view that 'anything goes' in this market, that more upside potential is indeed possible, and that a 'top' is not yet in place. China's commitment to purchase 77,000 MT of US pork last week was a bullish signal as was talk that Smithfield Foods was retooling some of their operations for the Chinese market. Current estimates on the amount of pork to be imported from the USA range between 300,000 MT and 1,000,000 MT depending on the source of the literature and a number near the higher level would represent roughly 25% of the currently estimated commitment (i.e. 4.1 MMT) against a current estimated 8+ MMT of pork losses.

Canadian delivered forward contract prices are lower this morning. US soybean futures are trading lower and remain at the lower end of the recently established range. The market is waiting for any new developments on the China/USA trade front and while the news has generally been supportive, nothing of substance has been announced that would give the market an indication on direction. In the meantime, there are still a lot of old crop beans to clear the market and some are already suggesting that China's ability to absorb the excessive USA supply remains limited at this time.

US corn futures are lower this morning. US corn futures continue to reside amid the contract lows and like beans, more certainty on the trading relationship front would likely provide the market with a bit of optimism. However, the trade talks with China remain ongoing and despite some positive messages coming from some US officials, the market doesn't really have anything to sink its teeth into at this time. Poor weather could be supportive if farmers switch acres, but that development remains to be seen.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #5		197.27 202.80	209.05 222.89	222.88 224.61	217.54 226.31	207.69 213.53	201.92 207.47	189.34 200.84	182.92 191.90	179.73 190.58
Soymeal Wpg/S.Man	456	458	463	462	466	469				

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h@ms Marketing Services will be closed

Friday, April 19 for Good Friday.

The HMO and Opening Price reports will subsequently not be published.
The office will be open on Monday, April 22 with a minimal staff complement.