

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 17, 2019

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

www.hamsmarketing.ca

US Slaughter

474,000 Tuesday
463,000 Year Ago

Daily Prices

Iowa/S. MN. \$78.21
W. Corn Belt \$78.20
National \$79.65

ML Signature 5 \$190.20
HyLife (prev. day) \$187.20
TCP/BP2 \$190.20
BP4/TCP4 \$188.89

BoC Rate (Noon) prev. day
\$1.3361 CAD / \$0.7484 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 lower this morning. Consistent, upward support was seen across all cash reporting regions with ISM, WCB, and national regions all up by \$0.37, \$0.78, and \$0.85 USD/cwt, respectively. The market is shrugging off any ideas of 'excessive' domestic supply that was being talked about only months ago. Cash markets have moved consistently higher since week ending March 9 in a move that represents one of the earliest spring rallies seen in years. The result is higher than typical values this time of year (a function of the early rally) with National and WCB regions about 30% higher relative to the seasonal average. Market conditions are much different than other years, but a look at the trend history suggests an approximate 35% rise in USD/cwt prices from now into the typical 'high' summer week. Lean hog futures are backing off from the recent strength as the market waits for more news on direction. While almost no one believes 'a top' is yet in place, there is some chatter that the market has, for now, priced in the 'known' information. Almost daily now, a new report surfaces, bringing with it new analysis. For the most part, the reports suggest there is an upper limit to the amount of pork Chinese buyers will import but it is generally about half of what is considered to be a reasonable production loss due to ASF which is ranging between 8 and 10 MMT in losses. A swift conclusion to trade talks and/or an announcement that China will remove the pork tariff will likely be supportive, but this has not been stated yet. In the meantime, all eyes will be on tomorrow's export sales report to see if China will maintain commitments of US pork purchases which came in at approximately 77,000 MT last week.

Canadian delivered forward contract prices are lower this morning. In a refrain that is starting to sound repetitive, 'progress is being made' on the USA/China trade talks, or so the administration would have one believe. The daily announcements and tweets are starting to lose their impact as, in reality, there has been no new announcements on what that progress is or when the talks may be concluded. In the meantime, the market is trading on weather outlooks and South American production, which is getting better (weather in the USA) and bigger (crops in South America).

US corn futures are lower this morning. 'Demand needs to improve' is a statement that has been repeated over and over the past couple days and, while true, demand has yet to do so. US corn is trading amid the lows and has seen only one contract closing price close lower than yesterday over the life of the May contract. The lowest price was seen on March 29, when the grain stocks and prospective planting reports were released by the USDA.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #5		192.17 197.69	203.93 217.74	219.58 221.30	217.23 224.17	207.41 213.23	201.23 206.76	188.84 200.28	182.45 191.39	181.98 192.81
Soymeal Wpg/S.Man	451	454	458	457	461	463				

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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.