

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 18, 2019

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

www.hamsmarketing.ca

US Slaughter

2.380 mil.	Last Week
2.421 mil.	Year Ago

Daily Prices

Iowa/S. MN.	\$81.45
W. Corn Belt	\$80.97
National	\$80.43

ML Signature 5	\$194.83
HyLife (prev. day)	\$189.44
TCP/BP2	\$194.83
BP4/TCP4	\$191.05

BoC Rate (Noon) prev. day
\$1.3382 CAD / \$0.7473 USD

Cash Prices Week Ending April 20, 2019

Signature 3	190.74/86.52
Signature 4	188.08/85.31
Signature 5	189.41/85.92
h@ms Cash	186.08/84.41
HyLife	186.89/84.77
TCP/BP2	182.12/83.97
BP4/TCP4	184.89/83.87

Cumulative Top-Up Estimate

\$5.38 CAD/ckg

ISO Weans \$65.86 US Avg.

Feeder Pigs \$97.36 US Avg.

Forward contract prices are lower this morning. US cash markets are higher to start the week with all reporting regions coming in higher compared to last Thursday. Despite the move, cash markets are levelling off somewhat as the market waits for more certainty on direction.; not lower, but the trajectory higher is less dramatic than in recent weeks. Cash strength materialized earlier than seasonal expectations and the degree to which the rally developed was also more intense than seasonal. The WCB region saw more acute strength earlier than the National region and while daily cash data showed the WCB higher than the National region over consecutive days, the net weekly price has so far only seen one week where the weekly WCB average price was higher than the National (week ending March 30); the two markets have been tacking along a more similar trend since week ending April 6. To be clear, the summer rally has yet to fully develop and using historical analysis, one would expect prices to strengthen by approximately another 30% by mid-summer. However, this is anything but a normal marketing year and there are thoughts that cash strength could see even more support than current modelling suggests. Lean hog futures, meanwhile, have started the week off on a lower note, although 'lower' is very much subjective at this time. All offered futures contracts are among contract highs due to ASF related concerns and like cash, many are of the view that futures values can likewise see improvements. All eyes will be on Thursday's export sales report so see if China has committed to more volumes of US pork which is widely expected.

Canadian delivered forward contract prices are lower this morning. US soybean futures are lower to start the week following a \$0.14 cent move lower over last week. Commitments of Traders report shows funds are net short 91,000 contracts without much bullish news on the horizon although some commentators are hopeful a successful trade renegotiation with China will provide support further out. It is very early in the season, but soybean plantings are currently estimated at 2% against the identical five-year average.

US corn futures are lower this morning. Like beans, US corn futures are lower this morning. There is talk that the recently inclement weather has prevented some movements of corn thereby reducing the amount being moved to ports and subsequently available for export. Commitments of Traders report has shown a record short position of 307,000 contracts while the USDA estimates 1.1 MMT of corn will be needed to be shipped each week to meet current expectations. Planting is 5% ahead of last year and about 4% lower than the average.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			204.32 218.15	217.70 219.45	215.10 223.03	206.46 212.29	200.90 206.46	190.71 202.22	183.16 193.88	183.73 194.55	197.14
Soymeal Wpg/S.Man	449	452	456	454	459	461					

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The office is open today, Monday, April 22 with a reduced staff complement.

Normal business will resume tomorrow, Tuesday, April 23