

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 25, 2019

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

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## US Slaughter

475,000 Wednesday  
466,000 Year Ago

## Daily Prices

Iowa/S. MN. \$81.99  
W. Corn Belt \$81.73  
National \$81.92  
ML Signature 5 \$198.90  
HyLife (prev. day) \$193.49  
TCP/BP2 \$198.90  
BP4/TCP4 \$195.93

**BoC Rate (Noon) prev. day**  
\$1.3475 CAD / \$0.7421 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 186.52/84.60  
TCP/BP2 185.12/83.97  
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 mixed in the second half of the week but remain on the upward trend as the market prepares for less supplies heading into the summer period. Seasonal reductions in slaughter numbers are expected heading into the summer and those reductions typically develop in March and/or April on average at the same time grilling season ramps up in the USA. Recall that despite the bullish news regarding ASF concerns further out, the American domestic market is still the number one 'destination' for US pork products, almost a mirror opposite of the Canadian industry. Lean hog futures meanwhile gapped lower at this morning's opening and limit lows were seen in the summer month contracts heading into the October contract. This morning's export sales report was disappointing considering high hopes have been placed on China's ongoing commitment activity which was sorely lacking in this morning's publication. New commitments from China were completely absent resulting in total net sales commitments from all export markets coming in at only 15,000 MT, a 62% drop from the previous week. Interestingly, China reduced (!) its commitments by 200 MT which is somewhat of a surprise considering the ongoing ASF concerns. It was a very small cancellation, but a cancellation nonetheless. Market volatility is likely to be a feature of the market until more certainty develops on pork export outflows and although China was not in the market in the latest report, this is not considered to be trend setting at this time.

**Canadian delivered forward contract prices are even this morning.** Export sales for week ending April 18 came in at 563,300 MT against a 300,000 to 750,000 MT expected range. The numbers reflect a 57% increase relative to the previous week (which was considered quite poor) but are still down 15% compared to the rolling 4-week average. China committed to another 212,100 MT but there are ongoing concerns that the ability of the Chinese market to absorb more beans has an upper limit especially as ASF reduces the number of animals that need the subsequent soymeal.

**US corn futures are higher this morning.** Expectations on export market commitments heading into this morning's sales report were for between 600,000 and 1,100,000 MT. The report showed 779,900 in net sales and were lower than the average guess. Despite this, the corn market is showing some signs of support, but this is thought to be a function of reaching a bottom and the contract low that was put in place for the nearby contract yesterday at the close.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			196.77 206.54	208.96 210.30	205.81 213.77	198.41 204.30	195.12 198.32	183.21 193.62	175.58 186.41	177.04 187.96	190.57
Soymeal Wpg/S.Man	451	454	458	456	461	463					

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