

# Hog Margin Outlook

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Monday, April 29, 2019

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

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## US Slaughter

2.341 mil. Last Week  
2.356 mil. Year Ago

### Daily Prices

Iowa/S. MN. \$80.70  
W. Corn Belt \$79.92  
National \$82.43

ML Signature 5 \$197.06  
HyLife (prev. day) \$195.76  
TCP/BP2 \$197.06  
BP4/TCP4 \$196.94

**BoC Rate (Noon) prev. day**  
\$1.3460 CAD / \$0.7429 USD

### Cash Prices Week Ending April 27, 2019

Signature 3 200.35/90.88  
Signature 4 194.53/88.24  
Signature 5 197.44/89.56  
h@ms Cash 192.53/87.33  
HyLife 193.67/87.85  
TCP/BP2 189.41/85.92  
BP4/TCP4 188.08/85.31

### Cumulative Top-Up Estimate

\$4.91 CAD/ckg

ISO Weans \$65.19 US Avg.

Feeder Pigs \$96.35 US Avg.

**Forward contract prices are mostly lower this morning.** US cash markets are lower to start the week with ISM, WCB, and National regions down by \$1.29, \$1.81, and \$0.19 USD/cwt respectively compared to the last session. Despite the moves, cash values are still approximately 23% higher than the average price seen at this time of year. Carcass values are residing amid the top end of seasonal values and individual primals, while backing off in some cases, are appearing to track along a more seasonal pattern. Hams and bellies have notably broke from their earlier trajectory but are still valued at post-2014 highs for this time of year. Hog slaughter last week came in lower than year ago which is likely a function of Easter production disruptions. Lean hog futures are trading with a bias lower to start the week as the market waits for news on direction. For now, it appears the 'knowns' regarding ASF are priced into the market, and even though China has committed to taking delivery of US pork, physical delivery data has not shown activity to be substantial even though it is widely believed ASF is a much larger problem (and getting worse) than officials are willing or able to report. Market participants will be looking for any number of variables to support further price increases such as physical export increases, progress on the China/USA trade talks (or other information showing the pork tariff will be eliminated), and of course, progress on the USMCA file which is tied closely with section 232 steel and aluminum tariffs and their own pork tariff reactions.

**Canadian delivered forward contract prices are lower this morning.** US soybean futures are pushing lower to start the weekly session in the absence of any real news on the trade agreement front. But while a China/USA trade agreement would be technically supportive for beans, there is a growing chorus of market participants suggesting that physical delivery of product will be much more difficult if there is no demand due to ASF related feed requirements combined with aggressive selling from Brazil. Planting progress numbers will be released this afternoon with the market looking for beans to come in near 5% against a 6% 5-year average.

**US corn futures are higher this morning.** The higher trade is likely 'responding' to technical activity and repositioning rather than any real bullish fundamental news per se. The nearby futures chart reveals the lowest levels seen since the offering of the contract and the other charts show a similar pattern. There is simply not enough positive fundamental news to offer much support at this time and while China has indicated increases in US corn and ethanol, the trade deal is not yet done and any positioning by officials to suggest officials will make good on the prior statements have yet to be discovered.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			197.23 202.93	203.23 204.56	198.94 204.27	193.17 199.06	189.95 193.15	179.19 189.59	171.58 182.39	173.57 184.48	187.09 188.34
Soymeal Wpg/S.Man	450	453	457	455	460	462					

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