

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 16, 2019

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

www.hamsmarketing.ca

US Slaughter

460,000 Wednesday

473,000 Year Ago

Daily Prices

Iowa/S. MN. \$82.96

W. Corn Belt \$82.84

National \$82.87

ML Signature 5 \$201.05

HyLife (prev. day) \$196.45

TCP/BP2 \$201.05

BP4/TCP4 \$197.86

BoC Rate (Noon) prev. day

\$1.3451 CAD / \$0.7434 USD

Cash Prices Week Ending May 11, 2019

Signature 3 198.09/89.85

Signature 4 196.02/88.91

Signature 5 197.06/89.39

h@ms Cash 194.02/88.01

HyLife 194.44/88.20

TCP/BP2 197.59/89.63

BP4/TCP4 196.24/89.01

Cumulative Top-Up Estimate

\$4.26 CAD/ckg

ISO Weans \$57.85 US Avg.

Feeder Pigs \$89.74 US Avg.

Forward contract prices opened higher this morning. US cash prices pushed ever-so-slightly higher in two out of the three reporting regions monitored with ISM and WCB up by just over \$0.40 USD/cwt relative to the previous session. Despite daily changes in values and head count, the National reporting region's weighted average price (used as the base in Canada for hogs on a 'National'-based price program) saw no change on the day. The modest and incremental increases seen recently stand in stark contrast to the strong rally seen in March when there were ideas that packers were aggressively sourcing supplies as a hedge against increases in prices (and also to shore up supplies) ahead of ASF related challenges. So far, China's purchases (and commitments) from the US have been relatively muted (compared to expectations) and there is less optimism on a swift resolution to the ongoing trade spat between the two nations, meaning US pork is at a 50% price disadvantage relative to other competitors and face a 62% tariff in total. Following some strength in the futures markets yesterday, lean hog futures this morning gapped lower at the open, although they have retraced some of the early morning losses as of this writing. Day-to-day market moves will likely be relatively volatile and speak to no trend in the short term. The market is reconciling ideas that China does in fact 'need' pork at some point with the other facts (data) showing China is not taking on or committing to purchases of US pork in the short term. This morning's weekly export sales report revealed no new commitments from China and instead showed a reduction of 3,200 MT (!). The results for the week saw a net sales drop of 52% from the previous week and a 55% drop from the rolling four-week average.

Canadian delivered forward contract prices opened even this morning. With weekly export sales at the lower end of expectations, (370,900 MT versus a 300,000 to 1,000,000 MT expected range), this morning's support is thought to be a function of technical repositioning and short covering. There is not much to push the trade higher fundamentally and even with the support seen over the past couple days, US soybean prices are still lingering amid contract lows in the lower \$8.00 USD/bu range.

US corn futures opened higher this morning. Like beans, the 'strength' seen in US corn futures is thought to be a function of short covering, technical repositioning, and profit taking. Expectations ahead of this morning's export sales report were for between 300,000 and 900,000 MT. The report showed numbers came in near the middle at 553,300 MT which was up 92% from the previous week but down 15% from the four-week average suggesting anything but a consistent trade for export corn over the past couple weeks.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		210.22 211.48	204.19 206.61	196.15 206.85	187.77 193.69	183.29 188.39	175.52 183.34	172.27 177.51	172.75 185.92	184.23 188.15
Soymeal Wpg/S.Man	456	454	452	457	460	460				

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h@ms Marketing will be closed Monday, May 20
for the Victoria Day long weekend.
Normal operations resume Tuesday, May 21.

STRENGTH IN NUMBERS

