

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 17, 2019

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

www.hamsmarketing.ca

US Slaughter

464,000 Thursday
447,000 Year Ago

Daily Prices

Iowa/S. MN. \$84.48
W. Corn Belt \$84.45
National \$83.23
ML Signature 5 \$203.29
HyLife (prev. day) \$197.04
TCP/BP2 \$203.29
BP4/TCP4 \$198.54

BoC Rate (Noon) prev. day
\$1.3439 CAD / \$0.7441 USD

Cash Prices Week Ending May 18, 2019

Signature 3 204.18/92.62
Signature 4 197.48/89.58
Signature 5 200.83/91.10
h@ms Cash 195.48/88.67
HyLife 196.13/88.96
TCP/BP2 197.06/89.39
BP4/TCP4 196.02/88.91

Cumulative Top-Up Estimate
\$3.87 CAD/ckg

ISO Weans \$57.85 US Avg.
Feeder Pigs \$89.74 US Avg.

Forward contract prices opened higher this morning. US cash markets are closing the week off higher with all reporting regions showing gains over the previous day. ISM and WCB regions were both over \$1.50 higher while the National region was up by a more modest \$0.36 USD/cwt. Seasonally speaking, cash markets typically see support heading into the summer before drifting lower, again usually, near the beginning of July. Cash market participants are expecting some disruption this year, however, as there are thoughts China will be more heavily seeking supply at the latter part of the third quarter due to ASF related challenges. The earlier-than-seasonal rally that developed this year was also a function of ASF fallout, but that support is now believed to be a mostly due to aggressive buyers that were attempting to get ahead of higher prices and shorter supplies if indeed export demand proved to be exceptionally strong. Currently, that demand profile remains to be seen as China has not materially committed to purchasing vast quantities of US pork whether it is believed that they need it or not. In fact, about 3,200 MT of US pork were cancelled by China in the weekly export sales report on Thursday and many pundits have opined the move was purely a political one as the progress on trade talks stalled. There are also articles surfacing that suggest China is not interested in returning to the bargaining table soon as well as president Trump's own admissions that he is not in any rush; lean hog futures have struggled to make any substantial gains since the revelations. Markets are mixed this morning as participants wait for the next round of news. Even though the market is taking a 'wait and see' approach, volatility is expected in the short term and remains very susceptible to the headlines.

Canadian delivered forward contract prices opened lower this morning. Fundamentally, the trade is bearish considering the massive domestic supply, thoughts of large S. American crops, a stalling of talks between China and the US (not to mention ideas that China can't really absorb that many more beans anyway due to ASF), and thoughts that corn acres could ultimately go to beans. There were some earlier headlines announcing that beans were higher this week, but technical repositioning and short covering by managed money appears to be behind the support. US soybean futures are lower to finish the week and hovering in the low \$8.00 USD/bu range.

US corn futures opened higher this morning. Unlike beans, US corn futures are higher to finish the week. The move continues the support that followed after hitting lows in the \$3.40s USD/bu earlier in the week. Like beans, short covering activity sparked some support but there have been other 'supportive' headlines including ideas that ethanol could soon be more in demand in export markets and the ongoing poor planting weather that saw the planting pace 36% behind the five year average in the most recent weekly report.

Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		212.06 213.32	206.18 208.60	198.76 209.14	190.34 196.28	186.21 191.35	176.94 184.81	173.67 178.95	173.32 178.95	184.85 188.79
Soymeal Wpg/S.Man	449	447	446	451	454	456				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

follow us @hamsmarketing


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

STRENGTH IN NUMBERS

