

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 3, 2019

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

497,000 Monday  
470,000 Year Ago

## Daily Prices

Iowa/S. MN. \$43.73  
W. Corn Belt \$43.52  
National \$60.89

ML Signature 5 \$124.89  
HyLife (prev. day) \$142.41  
TCP/BP2 \$124.89  
BP4/TCP4 \$143.71

**BoC Rate (Noon) prev. day**  
\$1.3297 CAD / \$0.7520 USD

## Cash Prices Week Ending

November 30, 2019

Signature 3 102.49/46.49  
Signature 4 147.98/67.12  
Signature 5 125.24/56.81  
h@ms Cash 145.98/66.22  
HyLife 146.36/66.39  
TCP/BP2 126.57/57.41  
BP4/TCP4 150.56/68.29

## Cumulative Top-Up Estimate

\$6.59 CAD/ckg

ISO Weans \$33.86 US Avg.

Feeder Pigs \$48.61 US Avg.

**Forward contract prices opened higher this morning.** US cash markets are mixed with ISM and WCB up by \$1.18 and \$1.00 USD/cwt, respectively, while the National region is \$1.14 lower compared to the previous day. So far, the movements in the cash markets are pretty consistent with historical seasonality which typically sees some pressure at this time of year. But while the National region could see more pressure yet based on trend analysis, ISM and WCB appears to be probing for a bottom. Of course, one day of support doesn't imply a trend. However, the ISM and WCB regions are currently seeing levels at historical seasonal lows and a post-US Thanksgiving recovery can develop in the coming weeks, but not always. The challenge this year, of course, is the massive amounts of pork being processed at the same time demand is weaker than expected, especially in the export channels. The ability of the market to clear the available supply at current price levels is very much under question. Thursday's export sales report will be watched closely for clues on direction as it was announced last week that split carcasses must now be reported to USDA officials. If this has indeed happened, a more complete, but not entire, picture of the export profile could be revealed. Lean hog futures have recovered in the early morning trade somewhat after heading toward the daily limit low (February contract) in yesterday's session. While the recovery so far represents an almost complete reversal of the action seen yesterday, the trade (all contracts) still has a long way to go before reaching previous values considered to be good hedges. To be sure, some forward contract values in CAD are currently priced at a fair value relative to cash history. But ASF demand speculation remains front and centre and if the correct conditions get put into place, there could be a significant upside potential for the patient hedger provided the disease stays out of North America.

## Canadian delivered soymeal prices opened higher this morning.

The USDA has estimated bean harvest at 96% complete against a 97% 5-year average and is therefore considered, basically, caught up. But there is still an estimated 137 million bu. left to be harvested as of December 1, 2019, or about 3.7 MMT. Beans are trading higher for now but mostly on technical grounds as the trade reached lows yesterday not seen since the middle of September.

**US corn futures opened higher this morning.** Yesterday's Crop Progress report showed US corn harvest at 89%, coming in line with expectations on the progress. The pace this year is much slower compared to 97% last year and a 98% 5-year average. Heavy snow in some regions had ground harvest activity to a complete halt. Northern states are faring the worst – North Dakota is only at 36% complete (95% 5-year average).

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		125.84 139.04	144.20 149.12	146.19 157.03	163.42 166.25	168.41 181.48	185.73 192.20	189.93 193.40	157.49 193.52	146.98 151.66
Soymeal Delivered Wpg/S.Man	457	457	459	462	465	468				

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