

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 5, 2019

For details call: (204)235-2237 or visit www.hamsmarketing.ca

US Slaughter	
494,000	Wednesday
479,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$45.75
W. Corn Belt	\$45.67
National	\$62.69
ML Signature 5	\$128.92
HyLife (prev. day)	\$146.78
TCP/BP2	\$128.92
BP4/TCP4	\$147.15
BoC Rate (Noon) prev. day \$1.3223 CAD / \$0.7566 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 lower this morning. US cash markets are mixed with ISM and WCB regions up \$0.74 and \$0.67 USD/cwt, respectively, while the National region is down by \$0.15. The reporting regions pricing uncommitted hogs (ISM and WCB) have shown some signs of life recently after having been under pressure since the middle of October. But while the post US-Thanksgiving recovery is apparently being revealed in ISM and WCB, it still has a way to go to climb out of the lows. Currently, ISM and WCB are approximately 15% below the three-year average and at their lowest value going back to 2015 when today's cash levels are compared to the weekly settlement values. While the National region wouldn't be considered 'strong', per se, it is faring better than ISM and WCB, coming in at the second highest level going back to 2015 and approximately 6% higher than the three-year average. Regardless, the daily National 'base' price is still only at \$62.84 USD/cwt and far below what was expected during a massive global supply shortage due to ASF losses. In the absence of a stronger or clearer demand signal, US cash reference pricing will likely be steady heading into the new year. On that note, this morning's export sales report showed net sales of pork at 30,600 MT, which while decent and 20% higher than the previous week, is only slightly higher than the recent trend. Physical deliveries were 21.8% *lower* than the previous week. The ever-so-closely-watched China data came in at 10,300 MT in net sales and took physical delivery of 11,300 MT. However, they cancelled 8,500 MT in 2020 commitments (!) placing the entire new marketing year net negative for this week and highlighting that Chinese buyers are maintaining their highly disciplined purchasing strategy despite massive losses due to ASF.

Canadian delivered soymeal prices opened lower this morning. This morning's weekly Export Sales report showed net sales of 683,300 MT for the current marketing year against pre-report expectations of between 700,000 and 1,300,000 MT. The value represents sales 59% lower than previous week and 55% lower than the prior four-week average and comes on the heels of news surfacing this week the Chinese purchasers have utilized all currently available import waivers. The news items go on to suggest new waivers are unlikely to be issued as the trade war grinds on.

US corn futures opened higher this morning. Weekly export sales of US corn showed net sales came in at the lower end of expectations at 546,100 MT for week ending November 28 against a pre-report range of estimates between 500,000 and 900,000 MT. Like beans, the trend is pushing lower, coming in 32% lower than previous week and 18% lower than the rolling four-week average. Futures contracts are lower as of this writing.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		125.96 139.03	144.15 149.02	146.81 157.55	163.74 166.54	169.27 182.21	186.41 192.82	190.30 193.74	157.80 193.62	147.41 152.04
Soymeal Delivered Wpg/S.Man	464	465	468	471	472	472				

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