

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 12, 2019

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

US Slaughter	
495,000	Wednesday
475,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$47.72
W. Corn Belt	\$47.70
National	63.09
ML Signature 5	\$131.62
HyLife (prev. day)	\$146.93
TCP/BP2	\$131.62
BP4/TCP4	\$147.82
BoC Rate (Noon) prev. day \$1.3201 CAD / \$.7575 USD	
Cash Prices Week Ending December 6, 2019	
Signature 3	108.71/49.31
Signature 4	146.36/66.39
Signature 5	127.54/57.85
h@ms Cash	144.36/65.48
HyLife	145.26/65.89
TCP/BP2	125.24/56.81
BP4/TCP4	147.98/67.12
Cumulative Top-Up Estimate \$6.83 CAD/ckg	
ISO Weans \$35.01 US Avg.	
Feeder Pigs \$48.33 US Avg.	

Forward contract prices opened lower this morning. Very little daily movement in the reporting regions was observed relative to the previous day with ISM and WCB down by \$0.13 and \$0.04, respectively, while the National region is up by \$0.04 USD/cwt. Cash markets remain seasonally range-bound and there is no news to influence the cash market strongly in either direction at present. The one item that is surfacing this morning, however, is that there is speculation that the US administration *could* cut tariffs on an existing \$360 billion of Chinese goods by half as well as 'cancel' the current threat of imposing more tariffs poised to go into effect on Sunday in exchange for guarantees from China on agriculture purchases, better protection on intellectual property rights, and more access to the Chinese financial sector according to the Wall Street Journal this morning. That won't immediately help cash markets, but it could provide a boost to the futures. On that note, lean hog futures showed initial signs of support this morning, presumably spurred on by the article cited above, but have started to back off as of this writing. The WSJ story is speculative at best, and while it would be good for the markets if true, no official announcement has been made. In fact, in recent days, there has even been conflicting narratives from the US administration with officials reinforcing the idea that an increase in tariffs on Sunday is still a very real possibility and at the President's discretion. Markets could be very volatile heading into the weekend, especially if multiple news sources start reporting conflicting stories. The market will likely 'trade the headlines' heading into next week. Today's export sales report could be considered disappointing; while China did make commitments in 2019 for 5,600 MT and physically took 13,900 MT, the volumes are not enough to usher in price support. Moreover, China cancelled another 4,000 MT for 2020. Net sales to all export partners were down 11% for 2019 and 10% for 2020 relative to the previous four-week average.

Canadian delivered soymeal prices opened lower this morning. Net sales of US soybeans were up 54% compared to last week but down 17% from the rolling four-week average. Physical exports were down by 4% from the previous week and well off the strongest pace seen in 2017. On a positive note, volumes are higher than 2018 (one of the worst years in recent memory) and more 'seasonal' going back to 2010. The problem is the market missed capturing large volumes in the October timeframe (mostly to China) keeping the upside in check

US corn futures opened higher this morning. Net sales of US corn were up 60% from last week and 28% compared to the four-week average with Mexico (the USA's number one customer for corn) taking 59.2% of the 873,500 MT commitments. Physical exports were also up by 7% relative to the previous week with the majority of the deliveries going to Mexico and Japan (who is also a relatively large buyer of US corn).

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		128.97 139.55	144.66 149.53	147.04 157.80	164.24 167.02	169.04 181.99	186.23 192.64	189.52 192.96	155.26 192.89	144.89 149.52
Soymeal Delivered Wpg/S.Man	445	447	451	451	456	456				

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