

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 16, 2019

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

US Slaughter	
2.763 mil.	Last Week
2.609 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$47.77
W. Corn Belt	\$47.74
National	63.64
ML Signature 5	\$131.13
HyLife (prev. day)	\$147.64
TCP/BP2	\$131.13
BP4/TCP4	\$148.91
BoC Rate (Noon) prev. day \$1.3183 CAD / \$.7590 USD	
Cash Prices Week Ending December 14, 2019	
Signature 3	113.93/51.68
Signature 4	147.32/66.82
Signature 5	130.62/59.25
h@ms Cash	145.32/65.92
HyLife	146.61/66.50
TCP/BP2	127.54/57.85
BP4/TCP4	146.36/66.39
Cumulative Top-Up Estimate	
\$7.03 CAD/ckg	
ISO Weans \$39.04 US Avg.	
Feeder Pigs \$52.89 US Avg.	

Forward contract prices opened higher this morning. US cash markets are higher to start the last full week before the holiday season with ISM, WCB, and National regions coming in higher by \$0.80, \$0.51, and \$0.28 USD/cwt, respectively, relative to the previous day. Last week was the first week that the WCB and National regions' weekly cash base price was higher than the prior week; WCB was \$2.96 higher while National was up by a more modest \$0.89 USD/cwt. Despite the recent strength, cash markets still reflect values (and seasonality) typically observed at this time of year, but while the National regions is situated at the second highest level going back to 2015, the WCB is recovering off the lows seen in November. Cash markets are called steady-to-higher to the end of the year, but any strength that materializes will likely not be remarkable. While there is some good news surfacing on the developments of the China/USA trade deal, that demand will likely not show up until the second (or third) month in the new year. Unlike previous announcements on trade deals, it appears that both sides this time are reflecting similar sentiments on development. The US side is more vocal about the progress, but the Chinese side is also sharing, albeit more reservedly, that progress is being made. There is an expectation that the text of the Phase One deal will be ready for signing in the first week of January, and that the terms will be engaged approximately thirty days later. Assuming Chinese buyers will wait for the tariffs on pork to be lowered (also assuming they are lowered which is still unclear as of this writing), increased pork demand reflected on the weekly export sales report may not materialize until February. Of course, there may be commitments made ahead of physical deliveries, so the weekly report will be closely watched, especially after the signing. Lean hog futures are generally higher to start the week, but real support will likely not be seen until more firm commitments from China are revealed.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are higher to start the week, generally, on optimism of the so-called Phase One trade deal progress. However, there is an increasing chorus of those suggesting that China's ability to take on massive amounts of beans from the US is currently questioned as China has been well supplied by Brazil and ASF loss could curb feed demand from the hog sector. So, while the USA pushes for firm 'agriculture commitments' to be put in writing, the Chinese stance is that domestic market need should dictate any future purchases.

US corn futures opened lower this morning. Like beans, US corn futures are higher to start the week but are still residing amid the lower end of the recently established range. Commitments of Traders report on Friday showed the funds added to their short positions, but there are some commentators now suggesting that could be reversed as the market situation improves. While China is not a large importer of US corn, strong sales to Mexico last week are providing underlying support.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		139.10 140.76	145.85 150.71	150.24 160.97	167.13 169.90	171.13 184.02	188.23 194.62	192.17 195.61	157.04 195.21	146.65 151.29
Soymeal Delivered Wpg/S.Man	443	450	454	454	459	459				

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