

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 17, 2019

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

US Slaughter	
492,000	Monday
480,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$47.59
W. Corn Belt	\$47.56
National	\$63.14
ML Signature 5	\$130.93
HyLife (prev. day)	\$146.49
TCP/BP2	\$130.93
BP4/TCP4	\$147.28
BoC Rate (Noon) prev. day \$1.3142 CAD / \$0.7610 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 mixed this morning. US cash markets have reversed after the previous day's gains with ISM and WCB giving back \$0.18 while the National region was down by \$0.50 USD/cwt. The move reflects the ongoing inconsistency seen in cash markets as the live hog trade struggles to gains some traction. To be sure, cash markets typically see a leveling-out and sometimes other signs of strength heading into the final marketing weeks of the year. But that support is not always guaranteed and in only a one instance (2016) has any meaningful support been observed in recent history. Moreover, when that support did develop (post 2014), the regions were recovering from weekly lows, as it is this year in the WCB. Regardless, market participants are eagerly awaiting to see when the impacts of the China/USA Phase One trade deal start to materialize. Of course, seasonality will likely play a supportive role to cash in the coming weeks and months as full production schedules following the holidays increase demand on supplies in the new year, but the current focus is on export disappearance of which there are no shortage of opinions. Some suggest tariff waivers issued earlier could be used as a good faith measure ahead of the signing of the Phase One trade deal while others are suggesting meaningful deliveries will not materialize until after the tariffs are actually reduced, perhaps in February when the agreement comes into force. Speculation will likely remain widespread and rampant in the interim. For now, both cash and futures markets will be looking for signs of increased export activity to China that will likely only remain supportive to pricing so long as the anticipated increases in export levels are sustained over multiple weeks. Lean hog futures opened lower this morning as trade news remains imprecise and the market waits for the weekly export sales report pegged for release on Thursday morning for clues on direction.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures saw double digit gains yesterday as the market traded China/USA Phase One trade deal optimism. However, afternoon commentators were suggesting the market became overbought and were calling for a turnaround or other reversal today. Those commentators were incorrect and US soybean futures have continued to trade slightly higher as of this writing. In other news, the new government in Argentina has applied higher export tariffs to many Argentine exports including beans and meal which will now be taxed at 30% rate from the previous 25%.

US corn futures opened higher this morning. Like beans, US corn futures were higher to start the week and are continuing to trade slightly higher as of this writing. US corn futures are now at the middle of the range and at levels last seen in early November. Argentine corn was likewise not immune from increased in export tariffs and will now be taxed at approximately 12%, up from the previous ~7% under the previous administration. Wheat from Argentina has seen the same increase in export taxes which were also raised from about 7%.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		141.02 142.69	147.79 152.65	152.53 163.28	169.68 172.46	173.88 186.81	191.03 197.43	193.77 197.21	156.19 195.83	145.82 150.45
Soymeal Delivered Wpg/S.Man	443	454	457	457	462	462				

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Headingley Main Office	h@ms Holiday Schedule 2019/2020	Risk Management (all times Central)
OPEN	Tuesday, December 24	Closed one hour early (11:30)
Closed	Wednesday, December 25	Closed
Closed	Thursday, December 26	Closed
OPEN	Tuesday December 31	Open Regular hours (9:30-12:30)
Closed	Wednesday, January 1	Closed