

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 18, 2019

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

<b>US Slaughter</b>	
494,000	Tuesday
479,000	Year Ago
<b>Daily Prices</b>	
Iowa/S. MN.	\$47.77
W. Corn Belt	\$47.76
National	\$64.27
ML Signature 5	\$132.67
HyLife (prev. day)	\$148.67
TCP/BP2	\$132.67
BP4/TCP4	\$150.14
<b>BoC Rate (Noon) prev. day</b> \$1.3160 CAD / \$0.7600 USD	
<b>Cash Prices Week Ending</b> <b>December 14, 2019</b>	
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
<b>Cumulative Top-Up Estimate</b> \$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 are higher at the mid-week point with ISM, WCB, and National regions up by \$0.18, \$0.20, and \$1.13 USD/cwt, respectively. This is the last full marketing week of the year and the next two weeks of reporting will be interrupted by holiday shutdowns over the Christmas and new year breaks. The WCB region is currently 7% off the three-year average pace and despite the recent strength in the region, the market for uncommitted hogs appears to have cooled somewhat for now. Assuming the trajectory is maintained into the last week of the year, WCB could come in at its second lowest level going back to 2015 despite its recent strength. The National region, on the other hand, has shown itself to be more resilient this year and is at levels just pennies under the highest year (2017) in recent memory. National is 6% higher than the three-year average and is poised to finish the year at its highest level in the post-2014 era. However, despite this 'record', National pricing is not remarkable and will likely come in near the mid-\$60.00 USD/cwt range to finish the year. Meanwhile, lean hog futures have shown some signs of life in recent sessions and have exhibited a higher trend overall since December 9. All observed contracts except for the nearby are trading higher than three-year average cash settlements with April and May showing premiums over 20%. However, futures values have a way to go before reaching highs seen last April and are arguably lower than expectations considering losses due to ASF and recent news that the China/USA Phase One trade deal will be signed in the new year. Forward contract values represent good value relative to history today, but most are of the view risk is to the upside and waiting for that support to resurface once again. Markets will likely need firmer evidence of commitments from China for that to happen – there is talk tariff waivers are currently being used as a stopgap to bring pork into china ahead of the trade deal coming into force. The weekly export sales report will be published ahead of trading tomorrow morning.

**Canadian delivered soymeal prices opened mixed this morning.** US soybean futures remain on an upward trend despite talk of the market reaching levels considered to be in an overbought condition (suggesting a correction lower is eminent) and some negative external pressures such as a relatively high US dollar. Regardless, the nearby contract is now at levels last seen at the beginning of November and have increased as a trend since the lows put in near early December. China/USA trade optimism is providing the brunt of the support even as critics question the ability of China to take on more beans in the current marketing environment.

**US corn futures opened lower this morning.** Like beans, US corn futures have recently seen an upward trend that developed near December 10 but are backing off a bit as of this writing. A well-respected analytics firm has recently estimated corn production to come in at 13.568 billion bu. against the USDA's 13.661 billion bu. estimate. The EIA ethanol report will be released later today. New export data will be released tomorrow morning providing some more clues and/or rationale for direction.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		140.88 142.53	147.62 152.47	152.71 163.43	169.76 172.52	174.25 187.15	191.36 197.74	193.85 197.28	156.61 196.03	146.26 150.88
Soymeal Delivered Wpg/S.Man	443	457	461	461	465	465				

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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