

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 23, 2019

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

US Slaughter	
2.810 mil.	Last Week
2.739 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$47.26
W. Corn Belt	\$47.26
National	\$63.30
ML Signature 5	\$130.97
HyLife (prev. day)	\$146.19
TCP/BP2	\$130.97
BP4/TCP4	\$147.91
<b>BoC Rate (Noon) prev. day</b> \$1.3164 CAD / \$0.7600 USD	
Cash Prices Week Ending December 21, 2019	
Signature 3	114.53/51.95
Signature 4	148.88/67.53
Signature 5	131.70/59.74
h@ms Cash	146.88/66.62
HyLife	147.47/66.89
TCP/BP2	130.62/59.25
BP4/TCP4	147.32/66.82
<b>Cumulative Top-Up Estimate</b> \$7.03 CAD/ckg	
ISO Weans \$46.60 US Avg.	
Feeder Pigs \$65.70 US Avg.	

**Forward contract prices opened higher this morning.** US cash markets are mixed on the day before Christmas eve and will likely remain lacklustre as the market heads into this last marketing week of the year. ISM and WCB regions are \$0.10 and \$0.04 USD/cwt higher, respectively, while the National region is lower by \$0.43 USD/cwt. While weekly slaughter came in at 'only' 2.6% higher than year ago, daily kills are typically higher than 490,000 head and heavier animals are pushing pork production well over record levels. The market will also have to contend with at least one less production day per week over the next two weeks as packers shut down for Christmas Day this week and New Year's Day next week (recall that December 26 - Boxing Day in Canada - is business as usual in the USA). Cash markets will likely have to wait until into January before sustained support returns. On that note, there appeared to be some good news surfacing early this morning that could aid in that regard. Tariff reductions on pork were announced early Monday and quickly made the rounds in the traditional press and social media. But the details have been unclear and remain so as of this writing. Early commentary suggests the move could put pork from all trading partners into 'most favoured nation' status, thereby reducing tariffs on pork imports that would ultimately see between a 7% and 12% tariff rate after the new rates come into effect. It could mean a substantially lower rate compared to current rates for some countries. However, there was some uncertainty if the punitive tariffs on US pork would remain in place until the Phase One trade deal is signed. Market activity at the open suggested participants were trading the former idea as initial support was observed, but as of this writing, the market has completely turned around and is trading at levels seen on Friday's open. To be clear, the recent announcement has absolutely nothing to do with the so-called Phase One trade deal being negotiated with the USA, so while the news is good, generally, it could take until the deal is put into force to place the USA back on most favoured nations status as well.

**Canadian delivered soymeal prices opened higher this morning.** If no real news develops in the next couple days, trading could be light ahead of the holidays that are coming up. While the USA does not observe December 26 as part of the Christmas holiday regimen, traders typically reduce activity over this time of year, anecdotally, taking Christmas Day to New Year's Day off. US soybean futures are nonetheless approaching the upper end of the recently established range after seeing a steady trend upward from the beginning of December.

**US corn futures opened higher this morning.** US corn futures are trading at the upper end of the recent pattern, but the nearby contract is still about 12 cents (USD/bu.) lower than the \$4.00 USD/bu benchmark. Recently optimistic export sales reported last week were supportive but announcements on the Renewable Fuels Standards and Small Refinery Exemptions are keeping further upside in check. Volumes are expected to be light heading into the holidays.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		148.97 153.83	153.31 164.07	170.52 173.30	174.61 187.55	191.78 198.19	194.28 197.72	157.96 196.82	147.60 152.22
Soymeal Delivered Wpg/S.Man	456	459	459	464	464	468			

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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