

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 31, 2019

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

US Slaughter	
486,000	Monday
394,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$50.05
W. Corn Belt	\$50.05
National	\$62.04
ML Signature 5	\$131.80
HyLife (prev. day)	\$142.79
TCP/BP2	\$131.80
BP4/TCP4	\$143.80
BoC Rate (Noon) prev. day \$1.3059 CAD / \$0.7660 USD	
Cash Prices Week Ending December 28, 2019	
Signature 3	115.80/52.53
Signature 4	147.29/66.81
Signature 5	131.55/59.67
h@ms Cash	145.29/65.90
HyLife	144.58/65.58
TCP/BP2	131.70/59.74
BP4/TCP4	148.88/67.53
Cumulative Top-Up Estimate \$7.39 CAD/ckg	
ISO Weans	\$55.86 US Avg.
Feeder Pigs	\$58.72 US Avg.

Forward contract prices opened lower this morning. US regional cash markets finally recovered to over \$50/cwt after trading below this benchmark level for the last 3 months. Packers have benefited hugely over this time frame as carcass cut-out values have spent very little time below USD\$80/cwt, representing exceptional profitability. The start of a new year should see a moderation of this trend, with hog inventory expected to shrink over the next 5 months (as is the seasonal trend), while packers have strong incentives to find ways to increase processing capacity in order to sell more pork abroad. The differences in the hog markets in North America and Asia could not be more stark, with hog supplies heavy and cash prices low here at home, but most of Asia experiencing extremely tight supplies and high prices. The Chinese have been dropping import tariffs on all countries in order to improve their domestic situation and its possible the US is only weeks away from seeing their punitive tariffs eliminated. There is good reason for optimism in hog markets for 2020, but if 2019 has taught us anything, its that our industry has an abundance of risk, whether political or biological and we need to be prepared to take action in order to manage this uncertainty.

Canadian delivered soymeal prices opened mixed this morning. While there is still skepticism in the market that China will significantly ramp up their purchases of US grain and oilseeds, news of Chinese Vice Premier Liu's trip to Washington to sign a trade deal next week made a positive impact on the Soybean complex. The March Soybean contract added \$0.10/cwt in yesterday's trade, but additional upside seems limited with and abundant world supply.

US corn futures opened lower this morning. Corn markets started this week lower with news of export inspections being lower than expectations. Corn futures have been in a steady, low volatility trend since mid-December, with little news on the horizon to change the trend.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		148.35 153.15	151.98 162.58	168.83 171.56	172.62 185.36	189.52 195.84	193.39 196.80	157.75 195.81	147.47 152.05
Soymeal Delivered Wpg/S.Man	443	456	460	460	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