

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 2, 2020

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

US Slaughter	
N/A	Wednesday
N/A	Year Ago
Daily Prices	
Iowa/S. MN.	\$50.92
W. Corn Belt	\$50.86
National	\$61.69
ML Signature 5	\$131.65
HyLife (prev. day)	\$141.79
TCP/BP2	\$131.65
BP4/TCP4	\$142.22
BoC Rate (Noon) prev. day \$1.2988 CAD / \$0.7700 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 mixed this morning. Happy New Year to all producers and industry partners! US cash markets are mixed with the ISM and WCB regions up by about \$0.85 while the National region is lower by \$0.35 USD/cwt. 'Unremarkable' could be an appropriate descriptor to start the first marketing week of the year as all monitored reporting cash regions are coming in near the lower end of the historical trends going back to 2015. The National region has been hovering around the mid-\$60s mark since the beginning of November while ISM and WCB have only recently posted values above the \$50 USD/cwt benchmark. Cash market performance is not exactly what one would expect considering the optimism on finally securing a Phase One trade deal (announced to be signed at the White House on January 15) not to mention a massive production deficit in southeast Asia due to African Swine Fever (ASF). But exports have not picked up to the degree needed in order to offset the massive amounts of pork currently being produced in the USA and while the announcement that the so-called Phase One deal will be signed in just under two weeks is a welcome development, cash markets have not yet responded. Neither have lean hog futures for that matter; after a number of 'false starts' including the massive speculative rally in March/April of last year, a bit of a rebound last July, and a more modest recovery in October, market participants appear to be taking a more cautious wait-and-see approach even though the tone is notably more optimistic and somewhat less speculative than what has been seen earlier. Traders will likely need to see some concrete evidence that that larger commitments and actual volumes into China are *consistently* being recorded before substantial support materializes.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are higher on trade deal optimism despite a growing chorus of opinions suggesting that the ability of China to take on significant volume of beans, let alone increase its actual footprint, could be limited due to the actual demand profile. While US negotiators may want to get a number 'in writing', simply put, if they don't need beans, how will the US enforce an increase in commitments? Regardless, the announcement that the Phase One trade deal will be signed on January 15 is providing underlying support.

US corn futures opened higher this morning. Like beans, US corn futures are starting 2020 off on a higher note, with the nearby contract finally breaking the \$3.90 USD/bu mark that hasn't been seen since last November. There could be some headwinds approaching, however, as ethanol demand, taking approximately one third of the US corn crop, may be limited as officials have kept the renewable fuels standard the same as set for 2019.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		148.79 153.60	151.96 162.57	168.94 171.68	172.90 185.68	189.85 196.18	192.79 196.19	157.49 194.62	147.24 151.81
Soymeal Delivered Wpg/S.Man	463	470	473	476	476	480			

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.