

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 6, 2020

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

US Slaughter	
2.293 mil.	Last Week
2.251 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$50.50
W. Corn Belt	\$50.39
National	\$62.65
ML Signature 5	\$132.19
HyLife (prev. day)	\$143.25
TCP/BP2	\$132.19
BP4/TCP4	\$144.42
BoC Rate (Noon) prev. day \$1.2988 CAD / \$0.7700 USD	
Cash Prices Week Ending January 4, 2019	
Signature 3	119.40/54.16
Signature 4	142.91/64.82
Signature 5	131.16/59.49
h@ms Cash	140.91/63.92
HyLife	142.09/64.45
TCP/BP2	131.55/59.67
BP4/TCP4	147.29/66.81
Cumulative Top-Up Estimate	
\$7.39 CAD/ckg	
ISO Weans \$61.32 US Avg.	
Feeder Pigs \$61.28 US Avg.	

Forward contract prices opened mixed this morning. US cash markets are starting the second marketing week of 2020 higher with ISM, WCB, and National regions up by \$0.10, \$0.48, and \$1.17 USD/cwt relative to the previous day, respectively. While cash markets will soon be faced with a seasonal tightening of supplies that typically provides support for price, the market is not there just yet. It will likely be weeks before any notable price support develops consistently, and market watchers can likely expect some inconsistency with pricing direction until seasonality tightens up supplies and/or some stronger demand develops from any channel. On that note, there was a news article in the South China Morning Post reporting a delegation from China will be heading to Washington, DC on January 13 (returning January 16) presumably to sign the so-called Phase One trade deal. US outlets have reported the signing will take place at the White House on January 15. As such, export demand, or increases in it, will be closely watched. Some analysts suggest meaningful and consistent commitments from (and volumes into) China will not materialize substantially or consistently until after the deal comes into force; the deal is expected to come into force 30 days after signing. In the meantime, market watchers will be keeping a close eye on the weekly export sale report (released on Thursday mornings before the market open) for clues on when China will enter US market more consistently.

Canadian delivered soymeal prices opened lower this morning. An export inspections report (customs-based) showing shipments coming in at the upper end of expectations (and ~26% higher than year ago for same week) is providing support while improving weather in South America is keeping the short-term upside in check. But the big question looming is whether or not China will return to pre-trade war levels, and indeed, if they even can amid the recent ASF outbreak.

US corn futures opened lower this morning. Friday's ethanol production report showed that production was down slightly to 1.066 million bpd from 1.083 million bpd the week earlier. Regardless, production was 5.4% higher than year ago with total production coming in at 318 million gallons for the week. Ethanol uses approximately one third of the USA corn crop.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5	144.68 147.65	145.38 155.99	162.51 165.13	167.00 180.36	184.52 191.25	188.30 191.58	159.88 191.15	152.08 156.41	156.33 160.20
Soymeal Delivered Wpg/S.Man	454	460	463	466	467	471			

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.