

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 10, 2020

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

<b>US Slaughter</b>	
495,000	Thursday
477,000	Year Ago
<b>Daily Prices</b>	
Iowa/S. MN.	\$51.70
W. Corn Belt	\$51.70
National	\$62.97
ML Signature 5	\$135.07
HyLife (prev. day)	\$144.37
TCP/BP2	\$135.07
BP4/TCP4	\$146.19
<b>BoC Rate (Noon) prev. day</b> \$1.3079 CAD / \$0.7650 USD	
<b>Cash Prices Week Ending</b> <b>January 11, 2019</b>	
Signature 3	121.28/55.01
Signature 4	144.87/65.71
Signature 5	133.07/60.36
h@ms Cash	142.87/64.81
HyLife	143.55/65.11
TCP/BP2	131.16/59.49
BP4/TCP4	142.91/64.82
<b>Cumulative Top-Up Estimate</b> \$7.39 CAD/ckg	
ISO Weans \$61.32 US Avg.	
Feeder Pigs \$61.28 US Avg.	

**Forward contract prices opened lower this morning.** US cash markets are higher to close the first full marketing week of 2020 with ISM and WCB regions up by \$0.62 each while the National region is up by a more modest \$0.07 USD/cwt. In a refrain that is starting to sound repetitive, cash markets are simply waiting for the seasonal tightening of supplies to entice more competition from processors. Current cash pricing is reflecting the lower end of the typical seasonal pattern. While weekly export sales have been historically good (more on this below), the fact remains that the current weekly and anticipated monthly record pace of exports for the fourth quarter has still not been enough to offset the massive amounts of pork being produced and clear the market (recall that customs data is released on a two-month lag, therefore December monthly numbers will not be released until February). Cash market participants are simply waiting for the fundamental picture to change and usher in support. Lean hog futures are higher at the open, but due to the pressure seen yesterday, contracts are merely making up for yesterday's losses. The weekly export sales report showed net global sales came in at 26,800 MT which is completely within the recently established pattern and not particularly remarkable. Most are of the view that if China increases purchases of US pork in the new year, it could follow the signing of the Phase One trade deal which could be signed next week, coming into force 30 days later. For now, it appears Chinese buyers are still on the sidelines relatively speaking and taking only 7,200 MT in net sales and 1,900 MT in physical deliveries last week. On a positive note, weekly exports accumulated over 2019 were 39% higher than previous year, much of which coming from China; the market is cautiously optimistic another strong year is ahead.

**Canadian delivered soymeal prices opened higher this morning.** US net soybean sales came in at ~355,000 MT representing an 8% increase relative to the previous week but was down 59% over the previous four-week average. The number was lower than the lowest end of expectations (400kMT) and also represents the second lowest weekly volume going back to the month of August. The WASDE report will be released mid trade today and could usher in some volatility.

**US corn futures opened lower this morning.** US corn futures are lower, in part, pressured by news that saw dismal export sales numbers. Market watchers were anticipating between 350,000 and 725,000 MT but instead learned only 161,900 MT in net sales were made. This is a marketing year low, down 70% week to week and 83% on the four-week average. The January WASDE report will be released at 11:00 AM Central time today.

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5	144.03 145.51	144.74 155.39	161.88 164.52	165.58 178.99	183.18 189.93	187.93 191.22	159.75 190.33	151.91 156.26	156.39 160.27
Soymeal Delivered Wpg/S.Man	457	461	461	467	467	474			

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.