

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 15, 2020

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

US Slaughter	
497,000	Tuesday
479,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$51.73
W. Corn Belt	\$51.72
National	\$62.59
ML Signature 5	\$134.47
HyLife (prev. day)	\$143.73
TCP/BP2	\$134.47
BP4/TCP4	\$145.11
BoC Rate (Noon) prev. day \$1.3059 CAD / \$0.7700 USD	
Cash Prices Week Ending January 11, 2019	
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
Cumulative Top-Up Estimate	
\$7.39 CAD/ckg	
ISO Weans \$61.46 US Avg.	
Feeder Pigs \$67.60 US Avg.	

Forward contract prices opened mixed this morning. US cash markets are higher but have been mixed in recent days and the move doesn't represent a fundamental shift from the observable trend just yet. While the market waits for a seasonal tightening of stocks, and for export markets to pick up excess production, there is a lot of pork being produced and participants will likely have to wait a bit longer for price supports. Slaughter estimates since the beginning of December are 4.1% higher than year ago over the same timeframe, barrow and gilt weights are at all time highs, coming in at 217.1 lbs, and inventories of pork in cold storage were record-large in December. It is unclear if the increase in cold storage is a hedge against higher prices in the future or stockpiling for the expected uptick in demand which remains to be seen. For now, processors are having no trouble sourcing supply and exports, while historically good, have not been robust enough to clear the market. The so-called Phase One trade deal between the USA and China is expected to be signed in Washington, DC today with details on the text to be revealed later. Not much has surfaced ahead of the event, but there are thoughts that the market could be somewhat disappointed, and that a lot of work on other items of interest needs to be done in subsequent negotiations. In terms of 'agriculture products', those details should be released later today, but there is an increasing chorus of analysis suggesting hard number targets mentioned earlier will be difficult, if not entirely unrealistic, to achieve. Regardless, the deal represents a cooling of tensions and a step in the right direction for returning to normalcy. Lean hog futures ahead of today's reveal are lower; even if there are major provisions/promises for US pork, the market is already trading at a premium, is a bit skeptical in tone, and subsequent gains will likely need to see 'evidence' of further Chinese commitments, likely coming from the weekly export sales reports released on Thursdays.

Canadian delivered soymeal prices opened lower this morning. Like beans, US corn futures are lower in the early session, mostly on some pessimism in other commodities. Almost no other news matters today as the market (all commodities, broadly speaking) waits for details to emerge on the so-called Phase One trade deal. After the dust settles, analysts and columnists will likely return to South American harvest progress and weather for short term clues on direction.

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Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig 4		151.71 152.17	149.16 158.42	165.29 167.60	168.46 182.12	185.13 192.54	191.35 194.13	173.28 194.01	164.94 169.34	165.55 169.03
Maple Leaf Sig 5		143.06 144.35	143.76 154.43	160.82 163.46	165.86 179.27	183.46 190.22	187.89 191.19	159.75 190.36	151.91 156.27	156.41 160.30
Soymeal Delivered Wpg/S.Man	457	461	464	468	468	474				

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Risk Management will be closed Monday, January 20 for Martin Luther King Day in the USA.
 US Markets are closed and all Forward Contracting will be suspended for the day.
 The HMO and Opening Price reports will subsequently not be published.
 The Main Office will remain open, as normal, over this time.