

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, January 21, 2020

For details call: (204)235-2237 or visit

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## US Slaughter

N/A Monday

N/A Year Ago

## Daily Prices

Iowa/S. MN. \$51.84

W. Corn Belt \$51.85

National \$63.47

ML Signature 5 \$135.55

HyLife (prev. day) \$145.91

TCP/BP2 \$135.55

BP4/TCP4 \$147.05

**BoC Rate (Noon) prev. day**  
\$1.3053 CAD / \$0.7700 USD

## Cash Prices Week Ending January 18, 2019

Signature 3 121.86/55.28

Signature 4 145.22/65.87

Signature 5 133.54/60.57

h@ms Cash 143.22/64.96

HyLife 144.64/65.61

TCP/BP2 133.07/60.36

BP4/TCP4 144.87/65.71

## Cumulative Top-Up Estimate

\$7.39 CAD/ckg

ISO Weans \$60.73 US Avg.

Feeder Pigs \$65.91 US Avg.

**Forward contract prices opened lower this morning.** US cash markets are mixed to start this holiday-shortened marketing week after observing Martin Luther King Day, yesterday. The National region was lower by a penny (compared to Friday) while the ISM and WCB regions were up \$0.80 and \$1.02 USD/cwt, respectively. Massive supplies and heavy animals continue to pressure bids for live hogs and while the market commentary appears to be focusing on upcoming events to be supportive, those events have not materialized yet. There is anticipation that weights will seasonally come down; there is hope that China will step up and start to purchase more pork from the USA; there are ideas that plants will be able to ramp up to full shifts, but the market will simply have to wait for those events to materialize before significant and sustained support enters the cash markets once again. Today, National region is approximately 6% lower than the five-year average at this time of year while WCB is residing amid its historical lows and is 17% below the average. Lean hog futures opened lower after markets were closed yesterday and are under pressure as commodities and Asian markets are seeing some pressure this morning (pressure in Asian markets due to, in part, the human spread and uncertainty around coronavirus). The net result is a futures market for hogs that is still residing amid the lows and one which has not fully embraced the potential for a more stronger demand profile from China due to ASF and, presumably, warmer relations now that the so-called Phase One trade deal is signed. However, removal of retaliatory tariffs on US pork \*were not\* part of the Phase One deal and much speculation remains on when Chinese buyers will enter the US market with more force. In the meantime, there is a premium currently built into the futures that sees average values 9% higher than the three-year cash settlements (some individual months higher than others). The market will likely have to just wait for evidence of \*more\* Chinese purchase activity before additional support can develop further out – futures performance this year will likely be heavily dependent on export 'performance'.

## Canadian delivered soymeal prices opened lower this morning.

Like hogs (above) the US soybean futures trade is lower and caught up in the 'risk off' sentiment being displayed in many asset classes this morning. Uncertainty revolves around the human to human spread of coronavirus in China (and potentially globally), especially as Chinese travelers ramp up movements ahead of the Lunar New Year celebrations this weekend when millions upon millions of people will be moving within China and throughout the world to be with family over the holiday. Fundamentals and trade deal speculation to take a back seat for now.

## US corn futures opened lower this morning.

Like other commodities this morning, US corn futures are also under pressure, not entirely due to any fundamental shift in the supply and demand profiles. Already, there are comparisons to SARS being made with respect to the human to human transfer of coronavirus in China, but others are quick to point out it is not exactly the same situation. Regardless, markets are under pressure this morning as investors shift priorities today and more uncertainty further out.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig 4		148.87 151.58	146.32 155.60	162.51 164.83	168.82 182.50	185.52 192.94	192.19 194.98	172.14 193.98	163.79 168.19	164.12 167.60
Maple Leaf Sig 5		140.16 143.74	140.87 151.55	157.99 160.63	166.21 179.65	183.84 190.61	188.75 192.05	158.58 190.33	150.73 155.09	154.97 158.85
Soymeal Delivered Wpg/S.Man	457	457	460	463	463	470				

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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.