

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 22, 2020

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

US Slaughter	
498,000	Tuesday
473,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$52.15
W. Corn Belt	\$51.96
National	\$64.13
ML Signature 5	\$136.60
HyLife (prev. day)	\$147.33
TCP/BP2	\$136.60
BP4/TCP4	\$148.74
BoC Rate (Noon) prev. day \$1.3067 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 higher this morning. US cash markets are all higher for the first time this week with ISM, WCB, and National regions up by \$0.31, \$0.11, and \$0.66 USD/cwt, respectively. The move, however, does not represent a trend just yet and there is still a lot of pressure on cash markets, mostly, due to the large amounts of domestic supplies currently available. Daily kills are still coming in above 490,000 and yesterday the estimate came in at 498,000 which is approaching what is believed to be near the USA's daily limit with the new plants. Weights will need to come down and demand will need to pick up before steady support re-enters the cash markets once again. Lean hog futures were two-sided yesterday as the market saw initial values plunge lower at the open, only to rebound mid-trade, and finally back off by about half the session gains at the close. Weakness in commodity markets was, in part, pressuring, but like the cash market, futures really have no basis upon which to mount a rally currently. Of course, there is great optimism now that the Phase One trade deal has been signed with China, but traders will likely be waiting for concrete evidence of demand activity before further, consistent support develops. Thursday's Export Sales report could provide some clues, but recall that China's retaliatory tariffs on US pork have not yet been removed, and even though US pork would be economical for import, there are still thoughts China will not enter the US market substantially just yet. China will permit imports of inspected US pork under Phase One terms 10 days after the signing (Annex 6; Paragraph 2), not 30 or more days like the bulk of goods, so while there is potential to see increases in pork sales or commitments relatively soon (i.e. first week in February), so long as tariffs remain in place it could take some time to see steady, consistent demand from China. The weekly Export Sales report will be released before trading opens tomorrow.

Canadian delivered soymeal prices opened higher this morning. Consensus appears to be that soybean exports from the USA to China may indeed not pick up until the latter half of the year despite the 'pressure' on China to increase agriculture imports as part of the so-called Phase One trade deal. China typically does not take major US deliveries until the fall and while China has not made any new commitments since the signing, all eyes will be on tomorrow's export sales report for clues and, potentially, new commitments. However, the Lunar New Year celebrations taking place will likely temper significant business activity for the next couple weeks unless 'surprise' and/or 'good faith' commitments are made.

US corn futures opened lower this morning. Following strength last Friday due to rumors of export activity out of the Pacific Northwest into China, the market turned sharply lower yesterday on weak commodities, in part, related to news associated with the human to human spread of coronavirus now believed to be in the USA (Washington state). As well, Exports are behind the pace seen last year and there is talk the USDA may also adjust export estimates by another 100 million bu. lower than the already marked down estimate which is 354 million bu. lower than last year targets. The picture is likely to remain negative in the short term.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig 4		151.60 153.35	149.04 158.36	165.31 167.64	169.85 183.60	186.63 194.08	192.33 195.11	173.83 194.57	165.49 169.89	166.67 170.16
Maple Leaf Sig 5		142.88 145.49	143.59 154.32	160.79 163.45	167.24 180.73	184.95 191.75	188.88 192.18	160.31 190.93	152.46 156.82	157.50 161.40
Soymeal Delivered Wpg/S.Man	460	458	461	465	465	471				

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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.