

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 23, 2020

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

<b>US Slaughter</b>	
498,000	Wednesday
466,000	Year Ago
<b>Daily Prices</b>	
Iowa/S. MN.	\$51.97
W. Corn Belt	\$51.96
National	\$64.44
ML Signature 5	\$137.48
HyLife (prev. day)	\$148.21
TCP/BP2	\$137.48
BP4/TCP4	\$150.03
<b>BoC Rate (Noon) prev. day</b> \$1.3116 CAD / \$0.7624 USD	
<b>Cash Prices Week Ending January 18, 2019</b>	
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
<b>Cumulative Top-Up Estimate</b> \$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 once again mixed this week with the National region up \$0.31 while the ISM region was lower by \$0.18 USD/cwt. The WCB did not post daily values citing confidentiality. Cash markets continue to struggle to make gains amid the massive supplies available and packers simply do not have to bid aggressively so secure supplies for their production schedules. According to the USDA's most recent data available, live hog weights have been falling since the beginning of the year, but to date have not triggered a price reaction. Cash markets will likely have to wait a bit longer for supplies to tighten enough to usher in price supports. Lean hog futures were once again two-sided for most of the session yesterday, but are essentially trading in a sideways pattern, although they are higher this morning. There has been some modestly consistent movement upward, however, and the average premium in the futures to the end of the year relative to annual cash averages is now at about 10%, or 1% higher than last week's values. Forward contract values in CAD/ckg also got a bit of a boost due to movements in the Canadian dollar. The Bank of Canada held interest rates steady yesterday which sent the Canadian dollar lower. Holding rates (as opposed to dropping them) would normally be an indication that the economy is doing relatively well and, at least, does not need stimulus. However, the absence of stimulus is also considered an economic, short-term negative, hence the move in the dollar yesterday. Regardless of economic outlooks, the weaker Canadian dollar is supportive to forward contract values and Canadian hog producers saw an average \$2.21 CAD/ckg increase in value, over all offered forward contract programs, when comparing the past two days' closing values. The weekly export sales report will be delayed by one day and released tomorrow morning at 7:30 AM, before the market opens as a result of the Martin Luther King Day holiday observed on Monday this week.

**Canadian delivered soymeal prices opened lower this morning.** A 'risk off' tone in the market is pressuring US soybeans as are relatively large production estimates for South America. At least one analytics firm is suggesting 123 MMT in production is possible for the 2019/2020 crop year which would place production at an all-time record. Another massive amount of 76 MMT is expected to be exported according to the USDA. A large S. American crop and competition in the export market would be pressuring in the short-to-mid terms, but proponents of the Phase One trade deal suggest China is now obligated to purchase US beans, likely, in the latter half of the year. Argentina is earmarked to produce between 53 and 55 MMT which while not a record, is at the upper ranges seen in the most recent years.

**US corn futures opened higher this morning.** South American production estimates are starting to make the rounds. Weather has been mixed and regions of Brazil are starting to see some beneficial moisture, but Argentina has been a bit on the dry side. Regardless of weather patterns, at least one analytics firm has pegged Brazil at producing a 100 MMT corn crop and Argentina producing 50 MMT. Weekly export sales numbers are delayed by a day and will be released tomorrow morning.

Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig 4		155.44 156.21	152.87 162.21	169.18 171.52	172.64 186.41	189.44 196.91	195.52 198.31	175.58 197.92	167.19 171.62	167.92 171.42
Maple Leaf Sig 5		146.77 148.38	147.48 158.22	164.72 167.38	170.06 183.58	187.80 194.61	192.09 195.40	161.99 194.29	154.10 158.48	158.73 162.65
Soymeal Delivered Wpg/S.Man	460	457	460	464	464	470				

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.

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.