

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 30, 2020

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

## US Slaughter

491,000	Thursday
415,000	Year Ago

## Daily Prices

Iowa/S. MN.	\$53.59
W. Corn Belt	\$53.37
National	\$65.64
ML Signature 5	\$141.65
HyLife (prev. day)	\$152.46
TCP/BP2	\$141.65
BP4/TCP4	\$154.00

**BoC Rate (Noon) prev. day**  
\$1.3217 CAD / \$0.7600 USD

## Cash Prices Week Ending February 1, 2019

Signature 3	131.27/59.54
Signature 4	152.69/69.26
Signature 5	141.98/64.40
h@ms Cash	150.69/68.35
HyLife	N/A
TCP/BP2	136.10/61.73
BP4/TCP4	148.93/67.55

## 2019 Top-Up (call for details)

\$7.39 CAD/ckg

ISO Weans \$59.15 US Avg.

Feeder Pigs \$65.45 US Avg.

**Forward contract prices opened lower this morning.** US cash markets are once again mixed with ISM lower by \$1.48, WCB down by \$1.70, while the National region is up by a dime in USD/cwt. The move lower in ISM and WCB is moderating from the trend upward that these regions have seen since the beginning of the year, but weekly base prices are still tracking higher as a trend. Base prices for week ending February 1 have strengthened over previous week with the WCB and National regions up by \$2.93 and \$1.14 USD/cwt, respectively. But they are still 14% and 4% lower than the five-year average for the same marketing week, respectively. There is talk that large amounts of the ham primal are making their way into Mexico amid relatively low (yet seasonal) pricing, but it has not yet been enough to entice packers to bid more aggressively and large supplies of live animals will likely be pressuring in the short term until a seasonal tightening of supplies materializes or demand picks up considerably. Lean hog futures moved significantly lower in yesterday's trade and futures contracts out to August locked at the daily limit low. Ongoing coronavirus fears (i.e. economic slowdown in China and elsewhere), combined with fears China might not be able to make good on Phase One commitments, and an export sales report that showed no significant \*new\* commitments from China are all playing a role. There is news making the rounds that a new ASF vaccine has been successful in initial testing, but a commercially available vaccine is likely some time away as clinical trials and approvals need to be conducted before mass commercialization takes place. Moreover, a vaccine would not 'replace' current losses (obviously) and herds will need to be built back up. In sum, news of a viable vaccine would likely pressure futures, but that 'event' is probably not priced into the current trade currently as commercialization could take months, if not years, and pressure was seen across all futures contracts yesterday, not just further out. Today, the trade can go into expanded limits meaning a daily limit move is now set at \$4.50 USD/cwt, as opposed to the \$3.00 in a normal trading day. As of this writing, futures contracts are trading lower and continuing the negative tone that has been a feature of the trade this week. Futures values are approximately 3% lower than the three-year cash average as of this writing; two weeks ago, they were over 10% higher.

## Canadian delivered soymeal prices opened lower this morning.

Yesterday, US soybean futures reached a seven-month low as the market observes a lack of China demand and now, the spread of the coronavirus that has many pundits seriously wondering if it will be able to 'honor' or otherwise make good on Phase One commitments further out. To be sure, China does not typically purchase US beans in large quantities until the autumn, but if Phase One commitments are to be honored, they will likely need to start buying soon. Brazil has started harvesting what many think will be a record crop, adding pressure. Futures are lower as of this writing

## US corn futures opened higher this morning.

Despite the ongoing pressure in commodities due to coronavirus fears, US corn futures are showing some signs of support this morning. The tone is still negative, however. Weakness in energy markets is also pressuring the entire energy complex, of which ethanol is considered a large component to corn as it typically utilizes approximately one third of the US corn crop annually in recent years. Exports have been decent and reports of new sales this week are good news, but not nearly enough to offset the weakness in commodities which is, in turn, pressuring the US corn trade and likely keeping further upsides in check for now.

Forward Range  
(at opening)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig 4		128.69	126.11 135.50	142.55 144.90	150.72 164.58	167.63 175.14	174.75 177.56	157.47 178.69	149.02 153.48	149.57 153.09
Maple Leaf Sig 5		119.51	120.23 131.04	137.61 140.28	147.75 161.35	165.60 172.45	170.94 174.28	143.48 174.71	135.55 139.96	140.03 143.96
Soymeal Delivered Wpg/S.Man	452	451	454	458	458	465				

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