

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 4, 2020

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

US Slaughter

496,000	Monday
469,000	Year Ago

Daily Prices

Iowa/S. MN.	\$53.68
W. Corn Belt	\$53.68
National	\$63.15

ML Signature 5	\$139.72
HyLife (prev. day)	\$147.09
TCP/BP2	\$139.72
BP4/TCP4	\$148.81

BoC Rate (Noon) prev. day
\$1.3275 CAD / \$0.7533 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	151.14/68.56
TCP/BP2	136.10/61.73
BP4/TCP4	148.93/67.55

2019 Top-Up (call for details)

\$7.39 CAD/kg

ISO Weans \$51.67 US Avg.

Feeder Pigs \$65.18 US Avg.

Forward contract prices opened mixed this morning. US cash markets are mixed with ISM and WCB up by \$0.72 and \$0.59, respectively, while the National region gave up all the previous day's gains and is down by \$1.33 USD/cwt. The WCB region is 16% lower than the five-year average and the National is down 8% relative to the same benchmark. Massive amounts of available supply mean packers don't have to aggressively bid at this time although according to the latest Quarterly Hogs and Pigs report, projected available supplies relative to anticipated slaughter levels are expected to narrow somewhat, potentially providing some price support. Yesterday's slaughter was estimated at 496,000 which is approaching the upper processing limit of between 498,000 and 500,000 hogs per day. There is still a lot of pork being produced observing live and dressed weights have not come down and aren't really expected to until late April if the seasonal trends hold. According to the most recent data available for week ending February 1, barrows and gilts (live) are estimated at 290 lbs on average (a new record) while dressed weights are also coming in at a record 216 lb estimate which has been about 2 lbs lower than the revised 'actual' but still a record nonetheless. Lean hog futures initially saw some follow-through buying in the early morning session after yesterday's 'supportive' day but have backed off as of this writing. Coronavirus fears and lack of Chinese buying are weighing on the trade. An article surfacing in Reuters yesterday reported that "China will actively expand meat imports to stabilize domestic supply" but did not specify from which markets. Recall that despite Phase One terms going into force, potentially sometime this week or next for US pork, the retaliatory tariffs have not been removed and China buying activity, while good to start 2020, has not met expectations. To date, Chinese buyers have been very disciplined in the US market. The weekly export sales reports will be watched closely for clues on activity.

Canadian delivered soymeal prices opened lower this morning.

Due to coronavirus complications, there are thoughts now surfacing that China may seek to pause or otherwise 'amend' Phase One commitments as the disease has taken a prominent status with Chinese officials. Apparently, two recent meetings at the highest levels have transpired with containing the disease at the top of the agenda. While there are some concerns on future purchases from China, beans have bounced off the lows and are trading higher this morning on stronger demand expectations generally although potential coronavirus implications are keeping the upside in check. The oilseeds crush for December was at record levels for the month with 184.7 million bu. crushed.

US corn futures opened higher this morning.

The US corn futures trade remains lackluster and trading within established ranges. The market is higher this morning but merely appears to be coming off support levels, in a move that is more technical than fundamental. Like other commodities, US corn needs some stronger demand signals and while there have been reports of new sales in the daily reporting (for those volumes that need to be reported over the minimum levels), it still has not been enough to lift the trade off the lows for any significant amount of time, or make a break higher.

Forward Range
(at opening)

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig 4		130.56 139.75	146.57 149.87	155.81 170.89	174.66 182.44	181.26 183.86	163.04 185.08	152.90 157.62	148.09 156.20	142.45 145.27
Maple Leaf Sig 5		121.60 132.34	138.19 143.15	150.14 165.60	170.22 177.77	175.97 177.29	146.42 178.65	137.60 142.16	131.64 145.43	123.40 127.82
Soymeal Delivered Wpg/S.Man	447	450	456	456	454	454				

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STRENGTH IN NUMBERS

