

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 11, 2020

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

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## US Slaughter

496,000 Monday  
439,000 Year Ago

## Daily Prices

Iowa/S. MN. \$49.65  
W. Corn Belt \$49.49  
National \$60.87

ML Signature 5 \$132.35  
HyLife (prev. day) \$142.50  
TCP/BP2 \$132.35  
BP4/TCP4 \$143.87

**BoC Rate (Noon) prev. day**  
\$1.3319 CAD / \$0.7510 USD

## Cash Prices Week Ending

February 8, 2019

Signature 3 126.08/57.19  
Signature 4 149.33/67.74  
Signature 5 137.70/62.46  
h@ms Cash 147.33/66.83  
HyLife 146.84/66.61  
TCP/BP2 141.98/64.40  
BP4/TCP4 152.69/69.26

**2019 Top-Up** (call for details)

\$7.39 CAD/pkg

ISO Weans \$45.99 US Avg.

Feeder Pigs \$52.67 US Avg.

**Forward contract prices opened lower this morning.** US cash markets are mixed with ISM up \$0.94, WCB up \$0.84, and National down by \$1.02 USD/cwt. The two-sidedness in the regional cash markets has been recent feature of a market that is waiting for clear signs to lift off the recent lows and start the spring rally. It is likely a little way off yet as massive supply remains available, the export pace, while historically good, has so far not been enough to clear the market of available pork, and the seasonal tightening of hog supplies (due to a seasonal decreasing of weights) will likely not develop until sometime near the end of March if history is any indicator. Prices could be pressured for another few weeks and using a five-year average benchmark, they typically head lower, on average, for another two or three weeks, sometimes as late as the end of May before turning around again. In the absence of some market clearing event between now and the seasonal spring turnaround, pressure is likely to remain on cash for now. Lean hog futures turned sharply lower at the close yesterday after making modest gains throughout the session. This morning, futures contracts are continuing the move lower and are residing around contract lows. This is despite the limit up move seen on February 6 when China announced that some of the additional retaliatory tariffs would be removed on February 14. However, the impacts of coronavirus are still winding their way through the market with uncertain outlooks. Reuters reported that some efforts to contain the virus in China have 'gone too far' and could hurt the economy according to President Xi, but even current efforts have so far not proven to be effective. The extent to which authorities balance public health with economic concerns remains to be seen. In the meantime, the other narrative is that most, if not all hands are on deck to tackle the problem, so much so that others are concerned about new outbreaks of ASF as resources shift to manage the coronavirus outbreak. The situation is dynamic, and uncertainty will likely loom until some developments are made on disease containment, or at least, the reporting of new outbreaks 'flattens out'.

**Canadian delivered soymeal prices opened lower this morning.** All eyes will be on this morning's release of the WASDE report that is scheduled to be published at 11:00 AM, Central time. There is much speculation ahead of the release if the USDA, even in general terms, will attempt to account for Phase One commitments in this month's release. However, there are no specifics on any Phase One details, and the USDA typically does not 'guess', even if they are criticized frequently on the numbers. The market is expecting a lower ending stocks number relative to the January report to come in at 433 million bu.

**US corn futures opened lower this morning.** US corn futures are lower ahead of the release of the February WASDE report in a move that could be considered pre-report positioning. Trading is expected to be light ahead of the release but could see some volatility after the data becomes public. For now, ending stocks are also expected to be lowered relative to the January numbers (coming in at 1.864 billion bu. on average) but there is enough speculation ahead of the report that surprises could be revealed in this

Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig 4		134.85 144.05	150.85 154.15	161.55 176.64	180.42 188.20	187.61 190.20	168.23 190.20	158.09 162.80	153.79 161.92	148.13 150.96
Maple Leaf Sig 5		128.72 136.70	142.54 147.50	155.98 171.44	182.46 183.61	182.42 183.73	151.69 183.85	142.87 147.43	137.37 151.20	129.10 133.53
Soymeal Delivered Wpg/S.Man	451	454	459	459	466	466				

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**h@ms Marketing Services will be closed Monday, February 17.**

Markets are closed for Presidents Day in the USA and regional holidays in Canada.

Forward contracting will be unavailable - Opening Prices and the HMO will not be published.

Normal business resumes on Tuesday, February 18.