

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 18, 2020

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

www.hamsmarketing.ca

US Slaughter

N/A Monday
N/A Year Ago

Daily Prices

Iowa/S. MN. \$47.99
W. Corn Belt \$47.98
National \$58.75
ML Signature 5 \$127.35
HyLife (prev. day) \$137.01
TCP/BP2 \$127.35
BP4/TCP4 \$138.17

BoC Rate (Noon) prev. day
\$1.3249 CAD / \$0.7550 USD

Cash Prices Week Ending

February 15, 2019

Signature 3 118.94/53.95
Signature 4 142.92/64.83
Signature 5 130.93/59.39
h@ms Cash 140.92/63.92
HyLife 141.06/63.98
TCP/BP2 137.70/62.46
BP4/TCP4 149.33/67.74

2020 Top-Up (YTD Rolling Est.)

\$11.74 CAD/ckg

ISO Weans \$41.24 US Avg.

Feeder Pigs \$61.14 US Avg.

Forward contract prices opened mostly lower this morning. US

cash markets are lower to start the holiday-shortened week with ISM and WCB both down by \$0.34 while the National moved lower by \$1.16 relative to Friday's reference price. Weekly slaughter came in at an estimated 2.596 million hogs last week or 4.7% higher than year ago. Cut-out values have been under pressure in recent weeks that have resulted in loins, hams, and bellies at, or near, record lows for this time of year. Loins are hovering just above the lows put in last year, hams are at the second lowest level for this marketing week (only 2019 came in lower), and bellies have seen pressure since the beginning of February and are now at the lowest value for this marketing week going back to 2013 when the data started being captured in the new format. Together these cuts make up about two-thirds of the carcass and strength will be needed in order to usher in price support further out. Unfortunately, the most recent externality (the recent coronavirus strain that is now named Covid-19 so as not to confuse with other coronaviruses) has negatively impacted supply chains globally. If workers cannot report for work as directed by authorities in China, goods cannot be moved around creating ripple effects elsewhere. While we will not get into the intricacies of supply-chain dynamics which is a field of study in itself, there are stories nevertheless surfacing that challenges with refrigerated containers are presenting themselves as one small example. The situation is far from resolved (or arguably under control) and the full picture will likely not be clearer for weeks. Lean hog futures, meanwhile, are trading at levels seen since the beginning of the month which is to say low. Market participants were initially hopeful that Phase One would pressure further commitments from China and help generate some 'extra' demand. However, since the development of Covid-19, unforeseen challenges have materialized. The market will likely be looking forward to the Thursday Export Sales report for signs of increased activity, but if the numbers are anything like they were last week, significant support will probably not be found this Thursday.

Canadian delivered soymeal prices opened higher this morning.

Cases of Covid-19 were reportedly lower over the weekend and there is talk US soybean futures are finding some support on the news. However, there has been some recent controversy with the way 'confirmed' cases are being determined, not to mention the usual suspicions for the willingness and/or ability of China to accurately report data. As well, there is talk surfacing that a massive crop could be coming from Brazil suggesting that despite the bit of strength this morning, there could be headwinds further out.

US corn futures opened higher this morning. Futures are higher to start

the week after seeing some pressure heading into the three-day weekend. Regardless, US corn futures have been trading in a range where recent support levels were first probed at the beginning of January and have continued to hold recently. Those levels were tested on Friday suggesting, in the absence of a clear fundamental shift, this morning's activity could be more technical in nature.

Forward Range
(at opening)

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig 4		137.16 141.16	147.91 151.21	158.57 173.63	177.40 185.16	184.75 187.33	168.55 188.20	158.45 163.15	155.20 162.62	149.55 152.38
Maple Leaf Sig 5		129.64 133.78	139.57 144.52	152.97 168.39	173.01 180.55	179.54 180.86	152.10 181.86	143.31 147.85	138.84 151.93	130.59 135.01
Soymeal Delivered Wpg/S.Man	452	455	460	460	468	468				

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.

follow us @hamsmarketing



Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

