

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 20, 2020

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

## US Slaughter

492,000 Wednesday

465,000 Year Ago

## Daily Prices

Iowa/S. MN. \$49.21

W. Corn Belt \$49.29

National \$59.59

ML Signature 5 \$129.75

HyLife (prev. day) \$138.96

TCP/BP2 \$129.75

BP4/TCP4 \$139.95

**BoC Rate (Noon) prev. day**  
\$1.3231 CAD / \$0.7560 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 mixed with the negotiated regions giving back about half of the previous day's gains (ISM lower by \$1.16 and WCB lower by \$1.06) while the National regions is higher by \$0.50 USD/cwt. Despite some recent net support, the season trend downward is still in effect. While the WCB did break from that trend yesterday, there is no indication that a clear turnaround is in the works. Daily slaughter levels remain consistently above 490,000 hogs (yesterday's estimate was for 492,000) when previously, 480,000 would have been considered a large kill day not that long ago. Live hog weights are coming down in the ISM region, but they are still above five-year averages and are coming off record levels suggesting there is still a lot of pork in supply pipelines. Despite ideas that demand in export channels will help clear the ample supplies, USDA is still estimating the domestic market will be well supplied in 2020 which could keep the upside to cash markets in check. Of course, this could all change rapidly especially if China enters the US market in force soon, but complications associated with Covid-19 (coronavirus) have stalled logistics in China for now. In other news, Hormel has joined JBS and Tyson in removing ractopamine from their supply chains widely seen as a move to position better in the China market. Lean hog futures have also given back about half of the previous session's gains in the early morning trade. March 2 has been announced as the day Chinese authorities will allow private companies to apply for tariff exemption certificates, paving the way for reduced costs for private Chinese importers and presumably, an uptick in interest in US pork from the region. Markets reacted positively to the news yesterday but follow through buying did not materialize. Weekly export sales numbers are delayed by a day due to the long-weekend Monday and the market will have to wait until tomorrow to see the results of the previous week.

## Canadian delivered soymeal prices opened higher this morning.

The weekly export sales report typically released on Thursdays will be delayed by one day and released tomorrow ahead of the market's open as a result of Presidents Day in the US on Monday when some markets and many government offices were closed. US soybean futures are mixed today and unable to break through the recently established resistance levels. It could be difficult to do so. Despite some 'up' days, the market has a bearish tone with increasing skepticism on China and large production estimates from Brazil making the rounds and 85 million planted acres estimated at today's Outlook Forum for new crop (76.1 last year).

## US corn futures opened lower this morning. US corn futures are lower

and still trading amid the recently established ranges. The market has been unremarkable since the middle of December with the nearby contract trading in a relatively tight ~20 cent USD range. Information is trickling out during the USDA's Agricultural Outlook forum today (9:00 AM Eastern) with corn planting apparently estimated to be 94 million planted acres for new crop against the 89.7 million acres for old crop likely providing some of today's pressure across all futures markets.

Forward Range  
(at opening)

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig 4		145.01 149.01	155.88 159.17	163.98 179.02	182.78 190.53	189.27 191.86	171.00 192.33	160.89 165.60	156.92 164.63	151.28 154.10
Maple Leaf Sig 5		137.65 141.78	147.69 152.63	158.48 173.88	178.49 186.01	184.13 185.44	154.57 186.04	145.77 150.32	140.62 154.00	132.37 136.80
Soymeal Delivered Wpg/S.Man	454	457	462	462	469	469				

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