

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 2, 2020

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

2.556 mil. Last Week

5.437 mil. Year Ago

Daily Prices

Iowa/S. MN. \$50.24

W. Corn Belt \$50.14

National \$59.93

ML Signature 5 \$133.14

HyLife (prev. day) \$140.93

TCP/BP2 \$133.14

BP4/TCP4 \$142.85

BoC Rate (Noon) prev. day
\$1.3429 CAD / \$0.7450 USD

Cash Prices Week Ending February 29, 2020

Signature 3 120.29/54.56

Signature 4 141.19/64.04

Signature 5 130.74/59.30

h@ms Cash 139.19/63.14

HyLife 140.13/63.56

TCP/BP2 129.42/58.70

BP4/TCP4 139.41/63.24

2020 Top-Up (YTD Rolling Est.)

\$11.42 CAD/ckg

ISO Weans \$29.94 US Avg.

Feeder Pigs \$57.50 US Avg.

Forward contract prices opened mostly lower this morning.

US cash markets are mixed to start the week with ISM and WCB up by \$0.29 and \$0.19, respectively, while the National region is lower by \$0.15 USD/cwt. Despite some support in the negotiated regions, weekly cash values remain under pressure and are currently residing at levels lower than the five-year averages seen at this time of year; National is about 10% lower while WCB is also lower by approximately 18%. Although weights have come down relative to the beginning of the year, the seasonal tightening of supplies is still a couple weeks away compared to the historical trend. Weekly slaughter levels remain record large and were estimated at 2.556 million for week ending February 29, or 4.9% higher than year ago. There is some news surfacing that port operations are starting to resume in China, previously being suspended in different degrees in an attempt to contain the recent Covid-19 outbreak, but there are still restrictions and anecdotal reports of some ports' capacity currently at 100% meaning more product can't arrive (either for import or export) until some of the current goods in storage start to be shipped once again; it could be a couple weeks or longer before things return to normal. Lean hog futures are higher to start the first session of the week, but ongoing coronavirus concerns are still making their way through the wider trading community. To be sure, a reduced or delayed outlook for improved pork exports to China are factors that are playing a direct role on lean hog futures values. So too, however, are the activities of other trading entities that have, for some commodities and other financial trading instruments, taken a 'risk off' approach as investors seek other safe investing havens amid the current outbreak. More than 60 countries are now reporting at least one case and the news coverage has been seemingly non-stop. From a purely market perspective, the virus outbreak will likely 'push back' optimism returning to futures in the near-term, and assuming no major complications arise between now and then (i.e. no ASF outbreak in North America which is still an ongoing concern), futures values could recover from the recent lows further out. In the meantime, the market will likely trade the headlines and remain relatively volatile.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are higher to start the week. The trade remains bearish in tone as exports are about 22% lower than the usual pace, poor commitments were registered last week, large crops are expected from South America, and now, coronavirus unknowns are adding more uncertainty. Demand from China could see a boost following the worst of the Covid-19 outbreak, but the scope of the outbreak, and its resulting impact on grain handling and transportation domestically, remains unknown at this time.

US corn futures opened higher this morning.

US corn futures are following through on the support seen at Friday's day end but recall the upward momentum on Friday was a bounce off the lows (following the coronavirus sell off earlier in the week) and the trade did not breach technical support levels. The trade is residing amid contract lows and it will take a positive demand or negative supply story to break from the recently established trend. Photographs of corn planting in Texas started to make the rounds on social media this weekend.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig 4		142.38 146.89	153.35 168.31	172.34 180.17	179.60 181.98	164.58 183.52	154.38 159.12	153.78 159.02	148.05 150.91
Maple Leaf Sig 5		133.98 140.78	148.31 163.75	168.53 176.13	174.83 176.04	148.59 177.72	139.71 144.29	137.75 148.83	129.38 133.86
Soymeal Delivered Wpg/S.Man	474	482	482	488	488	489			

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STRENGTH IN NUMBERS

