

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 10, 2020

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Forward contract prices opened mostly higher this morning. US

cash markets are mixed with ISM and WCB up \$0.45 and \$0.48, respectively, while the National reporting region is down by \$0.40 USD/cwt. Negotiated regions appear to be making weekly incremental gains as the two monitored regions (ISM and WCB) are now 15% lower than the five year average compared to 18% only a couple weeks ago. The National region has been hovering 10% lower than the averages since the middle of February, but all regions do not appear poised for a significant cash rally that all regions saw last year, yet. Last year's rally was 'early' in any event and the seasonal support typically doesn't develop until about the end of April on average. While there is anecdotal evidence some individual cuts destined for export markets are seeing some strength, which could indicate the initial stages of increased demand in export channels, that 'demand' has not cleared the market nor enticed processors to aggressively bid for live animals. There is still a lot of pork to clear the market before packers need to shore up production schedules with more aggressive bids and there are no supply concerns presently, other than having too much of it. Lean hog futures have rebounded from yesterday's weakness and some of the front month contracts touched limit up levels in the early morning trade (newly expanded limits do not go into effect until Monday, April 13). Despite the move, averaged futures contracts are still only 1.7% higher than the cash market reference base prices compared over the past three years and 16.8% off last April's highs. Expectations are for exceptional demand from China to develop, however, and this Thursday's Export Sales report will be closely watched to see if private Chinese buyers have utilized the tariff exemption certificates that were made available on March 2. Covid-19 bottlenecks at China ports are starting to clear, but with the impacts of the virus not yet fully known in North America, there could be some hurdles in the near term especially if officials decide to limit person movements as has been done in other jurisdictions. Markets, generally, have rebounded from yesterday's sharp drop due to the recent 'oil shocks' that, combined with Covid-19 uncertainty, has made many pundits opine that another recession could be triggered. Volatility will likely remain in the short term.

Canadian delivered soymeal prices opened higher this morning.

The March WASDE report will be released mid-trade today at 11:00 AM, Central time. Assessments ahead of the release suggest there will be little changes relative to the numbers that were published in the February report. Ending stocks for beans are expected to be slightly higher than the 425 million bu estimate in February, coming in at 426 million bu on average and against a 410 to 450 million bu range.

US corn futures opened higher this morning. US corn traders will likely be

looking to today's WASDE report for some clues on direction even though the other 'noise' in the marketplace (Covid -19 and 'oil shocks') has dominated headlines recently. On average, analysts ahead of the release are calling for 1.888 billion bu. in ending stocks against a 1.798 to 1.942 billion bu. range and the 1.892 billion bu estimated in the February report.

US Slaughter	
497,000	Tuesday
474,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$51.67
W. Corn Belt	\$51.54
National	\$60.00
ML Signature 5	\$136.64
HyLife (prev. day)	\$141.72
TCP/BP2	\$136.64
BP4/TCP4	\$144.81
BoC Rate (Noon) prev. day \$1.3598 CAD / \$0.7400 USD	
Cash Prices Week Ending March 7, 2020	
Signature 3	123.99/56.24
Signature 4	142.39/64.59
Signature 5	133.19/60.41
h@ms Cash	140.39/63.68
HyLife	140.13/63.56
BP4/TCP4	141.19/64.04
2020 Top-Up (YTD Rolling Est.) \$11.21 CAD/ckg	
ISO Weans \$28.00 US Avg.	
Feeder Pigs \$55.48 US Avg.	

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig 4		156.32 157.78	163.18 178.51	182.65 190.68	189.30 191.73	172.46 192.26	162.02 166.88	159.13 165.93	153.30 156.21	152.81 156.21
Maple Leaf Sig 5		148.42 151.63	158.11 173.95	178.84 186.64	184.50 185.74	156.16 186.40	147.07 151.76	142.85 155.61	134.33 138.89	136.85 140.13
Soymeal Delivered Wpg/S.Man	486	489	489	495	495	496				

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2020 District Meetings	Date	Time	Location
Saskatchewan	Tuesday, March 17	12:00 Noon	Coast Hotels - 905 North Service Road East, Swift Current
H.B./Heartland Marketing	Thursday, March 19	2:00 P.M.	Starbuck Community Hall - 25 Main Street, Starbuck
Manitoba	Friday, March 20	12:00 Noon	Smitty's Restaurant - Clear Spring Centre, Steinbach
Alberta	Tuesday, March 24	12:00 Noon	Travelodge - 350 Ridge Road, Strathmore