

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 12, 2020

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

Forward contract prices opened mostly lower this morning. US

cash markets moved higher for the second consecutive day with ISM, WCB, and National regions up \$1.70, \$1.67, and \$0.32 USD/cwt., respectively. While making incremental gains, however, US cash prices in the National and WCB regions are still at the second lowest values for this marketing week (only 2019 was lower in recent memory). When weekly base prices for week ending March 14 are calculated later today (published tomorrow), a slight increase over last week is expected. Lean hog futures opened sharply lower this morning with the front month contracts out to August currently locked at the daily limit low of \$3.00 USD/cwt as of this writing (the \$3.75 expanded limits go into effect on Monday April 13). The weekly Export Sales report released before trading opened this morning indeed showed surprises, but it was not nearly what anyone was thinking. Of note, China *cancelled* ~42,000 MT of pork sales for the 2020 marketing year for a net sales total of -26,600 MT for the week. The move is a sharp reversal of the trend that saw China committing to small amounts of new sales commitments in previous reports and a vast departure from the seasonal trend that typically sees 26,600 MT on average for this marketing week in new net sales. Recall that China is still sitting on vast reserves of previously committed-to pork, so they are in no hurry to take on new commitments currently, ASF-related issues notwithstanding. The move is nevertheless a curious one and a reminder that market volatility can emerge at any time. On a brighter note, weekly deliveries to all global customers was the highest for 2020 coming in at 44,500 MT or 93.4% higher than the five-year average typically seen at this time of year. Of that, China reportedly took 16,100 MT or 36.1% of the weekly total, which is in line with the recent China trend and suggesting the Covid-19 related port complications did not disrupt the movement of pork in these categories to the extent first thought. Ongoing Covid-19 concerns and ideas that the global economy could be tipped into a recession (exacerbated by the 'oil shocks' announcement this week) are adding further pressure at this time.

Canadian delivered soymeal prices opened lower this morning. US

soybean markets are lower following ongoing Covid-19 concerns, recession fears, and a weekly Export Sales report that was less than stellar. Physical deliveries came in at the lowest level for the reported marketing week and 28.6% lower than the five-year average. New net sales were likewise lower coming in at 302,800 MT or 45.4% lower than the five-year average benchmark. China has yet to enter the market in force despite Phase One 'pressure' and expectations in the short term are for that trend to not change.

US corn futures opened lower this morning. New US corn export commitments

(net sales) came in 91% higher than last week at 1.47 MMT which is also 26.5% higher than the five-year average for the marketing week and the highest new net sales number in 2020. Physical deliveries were less impressive, coming in 3.8% lower than week ago at 851,700 MT or approximately 20% lower than the typical five-year average. The nearby contract is currently trading at \$3.70 USD/bu.

US Slaughter	
487,000	Wednesday
456,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$54.49
W. Corn Belt	\$54.45
National	\$61.43
ML Signature 5	\$143.53
HyLife (prev. day)	\$148.46
TCP/BP2	\$143.53
BP4/TCP4	\$149.88
BoC Rate (Noon) prev. day \$1.3745 CAD / \$0.7260 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		145.96 147.43	153.87 169.31	173.47 181.56	181.09 183.55	164.80 184.57	154.26 159.16	151.83 158.07	145.95 148.89	145.46 148.89
Maple Leaf Sig 5		137.82 141.05	148.60 164.54	169.47 177.31	176.09 177.34	148.20 178.51	139.03 143.76	135.28 147.52	126.69 131.29	129.23 132.54
Soymeal Delivered Wpg/S.Man	477	483	483	487	487	487				

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.

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