

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 16, 2020

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

Forward contract prices opened mostly lower this morning. US

cash markets are higher to start the week with all reporting regions making incremental gains over the previous session. The trend could be steady-to-lower moving forward in the short to mid-term, however, as officials determine Covid-19 containment initiatives which are rapidly changing and ongoing. In the meantime, cash base prices in USD/cwt have made gains over the previous week with National up by \$0.99 while the WCB is higher by \$2.37 USD/cwt. Lean hog futures continue with the sell off to start the week. The economic outlook is looking increasingly negative as Covid-19 prompts governments and official agencies to take action on containing the outbreak and preventing a further spread. The US Federal Reserve announced over the weekend that it was dropping interest rates again in a pre-emptive measure designed to keep financial markets functioning amid concerns further out. Everything from supply chains to demand profiles will likely be impacted if further restrictions on person movements are implemented and would likely be so anyway regardless of any new initiatives from officials. Lean hog contracts from May to August are limit-down as of this writing and the net values have seen a sharp drop since only a couple sessions ago. Before the sharp moves lower last week, futures values compared to the National cash average were basically statistically equal. This morning, futures are approximately 15% lower than the historical cash counterpart. For now, Covid-19 remains front and centre with a bottom apparently not yet clearly defined for deferred contracts.

Canadian delivered soymeal prices opened lower this morning. US

soybean futures are steady to lower this morning following the recent lower trend. Like most other commodities, beans are also subject to the ongoing news regarding Covid-19 that has had a negative impact on almost every tradeable commodity. For now, things like planting progress, harvest progress and the like will likely take a back seat until more certainty on the outbreak is revealed which could impact current supply and demand estimates. The support that bean have seen this morning follows talk that the soybean meal situation in China is tightening potentially leading to more bean demand from the region as crushers secure supplies.

US corn futures opened lower this morning. Like beans, US corn futures

are steady to lower as of this writing, but the front-month contract is currently trading at a contract low. Investors have exited commodities like grains and oilseeds for now as they flee to more safe havens, but trades in grains are still being made. There is talk that China is seriously considering purchasing some ethanol which would be supportive if it materializes.

US Slaughter	
2.648 mil.	Last Week
2.453 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$54.60
W. Corn Belt	\$54.54
National	\$61.81
ML Signature 5	\$145.74
HyLife (prev. day)	\$150.34
TCP/BP2	\$145.74
BP4/TCP4	\$152.51
BoC Rate (Noon) prev. day	
\$1.3901 CAD / \$0.7194 USD	
Cash Prices Week Ending March 14, 2020	
Signature 3	132.42/60.07
Signature 4	147.68/66.99
Signature 5	140.05/63.53
h@ms Cash	145.68/66.08
HyLife	147.12/66.73
BP4/TCP4	142.39/64.59
2020 Top-Up (YTD Rolling Est.)	
\$10.88 CAD/ckg	
ISO Weans \$25.36 US Avg.	
Feeder Pigs \$55.44 US Avg.	

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig 4		128.85 130.33	133.18 148.78	152.99 161.15	160.75 163.23	147.13 164.34	136.48 141.43	136.61 140.07	130.75 133.72	130.26 133.72
Maple Leaf Sig 5		120.32 123.59	127.49 143.59	148.57 156.50	155.33 156.59	130.03 157.85	120.76 125.55	119.72 129.11	111.05 115.70	113.61 116.95
Soymeal Delivered Wpg/S.Man	483	484	484	486	486	488				

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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