

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 19, 2020

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

**Forward contract prices opened mostly mixed this morning.** US cash markets are higher for the third consecutive day this week with ISM, WCB, and National regions up \$1.09, \$1.11, and \$0.64 USD/cwt, respectively, relative to the previous day. The recent moves place cash on a clear trajectory upward but will be moderated in value somewhat when averaged for the base price reference when calculated later today. In the meantime, the National region's daily reference is 'only' 4% lower than the five year average base seen at this time of year while the WCB is 6% below the benchmark marking a notable increase compared to seen recently when the WCB daily price (and weekly base) was double digits below the averages. There could be some headwinds further out, however, especially if Covid-19 complications start to materialize more acutely in the United States. Producers \*may\* see a counter seasonal cash move lower in the short term if the situation deteriorates, but the dynamics of demand changes and logistics developments are dynamic and there is no certainty on that front for now and certainly no guarantee of weakness. Lean hog futures have started the session off on a higher note and were initially following through on the buying that materialized yesterday but are moderating as of this writing and remain choppy. Despite the last couple days of strength in the lean hog futures, values are still residing amid contract lows and are, on average, 11% lower than the cash settlement price history seen in this marketing week today. This morning's export sales report showed net sales to all regions up over the previous week and 51.3% higher than the five-year average. Of that, China committed to 15,000 MT which stood in contrast to the cancellation announcement in last week's report. Physical deliveries came in at 43,000 MT which is completely in line with the pace seen since the beginning of 2020 and approximately 90% higher than the typical five-year average. China took 15,600 MT or 36.2% of the total indicating China's current pace has been relatively uninterrupted despite Covid-19 port challenges that were making the rounds in the news earlier.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher this morning after seeing pressure and plunging to contract lows earlier in the week. This morning's weekly Export Sales report showed net sales markedly higher than last week coming in at 631,500 MT or 109% higher than week ago. Physical deliveries, however, were less impressive, showing a 14.5% decrease compared to last week and 25.4% lower than the five-year average.

**US corn futures opened higher this morning.** Like beans, US corn futures are seeing some support this morning after likewise being pressured earlier and trading amid contract lows. The weekly Export Sales report showed physical deliveries up marginally from last week and maintain the seasonal trend but coming in at the lower end of the historical range (i.e. 13.2% lower than the five-year average pace). Net sales of 904,500 MT were also lower than week ago, and 8% lower than the five-year benchmark.

| US Slaughter  |              |
|---|--------------|
| 498,000   | Wednesday    |
| 478,000   | Year Ago     |
| Daily Prices  |              |
| Iowa/S. MN.   | \$56.91      |
| W. Corn Belt  | \$56.85      |
| National  | \$63.51      |
| ML Signature 5  | \$157.24     |
| HyLife (prev. day)  | \$158.45     |
| TCP/BP2   | \$157.24     |
| BP4/TCP4  | \$163.42     |
| <b>BoC Rate (Noon) prev. day</b><br>\$1.4496 CAD / \$0.6900 USD |              |
| Cash Prices Week Ending<br>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 |
| <b>2020 Top-Up (YTD Rolling Est.)</b><br>\$10.88 CAD/ckg        |              |
| ISO Weans \$25.36 US Avg.                                       |              |
| Feeder Pigs \$55.44 US Avg.                                     |              |

| Forward Range<br>(at opening)  | Mar | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              |
|--------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf<br>Sig 4            |     | 153.62<br>155.16 | 144.77<br>160.94 | 165.30<br>173.77 | 177.31<br>179.88 | 165.47<br>181.88 | 154.44<br>159.57 | 154.22<br>158.45 | 148.07<br>151.15 | 147.56<br>151.15 |
| Maple Leaf<br>Sig 5            |     | 145.10<br>148.50 | 138.97<br>155.67 | 160.84<br>169.05 | 171.88<br>173.18 | 147.98<br>175.35 | 138.39<br>143.34 | 136.83<br>147.30 | 127.84<br>132.66 | 130.50<br>133.96 |
| Soymeal<br>Delivered Wpg/S.Man | 546 | 546              | 546              | 537              | 537              | 531              |                  |                  |                  |                  |

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**All h@ms Marketing 2020 District meetings have been CANCELLED**