



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 23, 2020

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

Forward contract prices opened mostly mixed this morning. US

cash markets are higher to start the week with ISM, WCB, and National regions up by \$0.53, \$0.18 and \$0.28 USD/cwt. There are expectations that cash markets in the short term will remain supportive due to Covid-19 demand disruption and an uptick in the retail channel as consumers stock up in preparation for longer term 'shelter in place' policies from their regional or state (provincial) governments or simply adjust to cooking more at home amid social distancing protocols. A Wall Street Journal article published March 19 highlights some impacts of the virus outbreak in the present situation; fresh meats destined for restaurant and foodservice processors (for factory and school cafeterias, convenience store and kiosk, for example) are being re-routed to grocery (retail); some plants are running at full steam in order to address the pick up in retail demand and reorganizing the cut floor to address end-consumer need; warehouses and transport are 'double shifting' with some advertising to hire 'on the spot' to address the busy time in those sectors. Will this move support cash markets longer term? Will retail demand offset foodservice and restaurant weakness? The jury is currently out on those issues but there is no shortage of opinions on either point. In fact, there are a couple market watchers currently suggesting that this could shake up the marketing environment for the foreseeable future with some going further and opining it could be a watershed moment for the industry. The market will simply have to wait and see what the fallout of the current reorganization is and the only projection at present is that the 'typical' market dynamics will likely not be the case this year in the short to medium terms. Lean hog futures have gapped higher at the open with the nearby (April) contract at limit-up levels, while the trailing front-month contracts on a similar trajectory. The increase in retail demand is providing some optimism to the nearbys while ideas that the virus is somewhat contained in China (and ports are opening back up) providing some support further out. Canadian producers are getting an extra boost from the Canadian dollar that is currently trading in the 69-cent (USD) range from the 75-cent level seen at the beginning of the month. The move has 'added' approximately \$13 CAD/ckg to the base value of a forward contract depending on the week in question when compared to a 75-cent CAD.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are higher to start the week also on thoughts consumer demand will provide support. Soybean meal has also made a move higher which is the base price from which Canadian meal is constructed and base meal values in USD are currently at highs seen last summer. There is a 14-day quarantine on ships arriving at China ports which is providing some scarcity as protein demand ramps back up. Canadian dollar is also a factor with the lower move in recent weeks adding approximately \$44 CAD/MT compared to the 75-cent CAD seen earlier in the month.

US corn futures opened lower this morning. US corn futures continue to

trade under pressure with no real demand story to support the market developing at present. Exports, while good and trending along seasonal patterns, are at the lower end of the historical trends and the uncertainties on the ethanol front are seeing some smaller refineries close amid the weakness in energy markets, not to mention the ongoing RFS issues in the USA. At least one analytics firm has released results of their survey that is suggesting planted corn acreage could come in just over 91.6 million acres. The USDA's prospective planting report will be published on March 31.

US Slaughter	
2.790 mil.	Last Week
2.503 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$56.58
W. Corn Belt	\$56.38
National	\$64.60
ML Signature 5	\$156.22
HyLife (prev. day)	\$164.80
TCP/BP2	\$156.22
BP4/TCP4	\$164.33
BoC Rate (Noon) prev. day \$1.4332 CAD / \$0.6980 USD	
Cash Prices Week Ending March 21, 2020	
Signature 3	144.29/65.45
Signature 4	158.51/71.90
Signature 5	151.40/68.67
h@ms Cash	156.51/70.99
HyLife	158.63/71.95
BP4/TCP4	147.68/66.99
2020 Top-Up (YTD Rolling Est.) \$10.57 CAD/ckg	
ISO Weans \$14.68 US Avg.	
Feeder Pigs \$50.89 US Avg.	

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig 4		163.71	147.74 163.88	168.24 176.70	179.08 181.64	163.46 182.10	152.45 157.57	150.38 156.39	144.24 147.31	143.73 147.31
Maple Leaf Sig 5		157.19	142.01 158.68	163.84 172.04	173.69 174.99	145.98 175.59	136.40 141.35	132.96 145.23	123.99 128.80	126.65 130.10
Soymeal Delivered Wpg/S.Man	564	464	564	551	551	538				

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All h@ms Marketing 2020 District meetings have been CANCELLED