

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 27, 2020

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

## Forward contract prices opened mostly lower this morning.

Daily US cash prices are mixed to finish the week; ISM is lower by a penny, WCB is lower by \$0.25, and the National region came in \$1.07 USD/cwt higher compared to the previous day. Weekly cash base prices in USD/cwt for week ending March 28 are higher relative to the previous week with WCB up by \$3.17 while National is \$3.78 higher. Cash markets have been trending higher week over week since the middle of February, but market watchers are increasingly looking at the potential impacts of Covid-19 on the domestic meat trade. If sustained buying at the grocery (retail) level is not maintained, there are questions if retail can offset losses in the foodservice and restaurant sector – if it cannot, a less robust spring rally (or a counter seasonal move lower) is not out of the question. Yesterdays' Quarterly Hogs and Pigs report came in higher than analysts' expectations for the most part with hogs expected to be marketed for the April to June timeframe coming in almost 4% higher than year ago. This would put weekly slaughter at record levels and despite the expected seasonal tightening of supplies, the numbers could still pressure if demand does not pick up. While exports remain positive, the uncertainty in the domestic market will likely keep any substantial upside in check for now. Lean hog futures are lower with the front month contracts into July trading in expanded limits. Covid-19 concerns related to demand and macro-economic health are being exacerbated by yesterday's Hogs and Pigs report. Domestic demand concerns will likely subside at some point, but for now, the market is primed for substantial pork production and the timing of a successful resolution to the virus is very much in question. Covid-19's influence on pork (and other meat) demand and its potential to tip the USA and other regions into a recession should not be overlooked.

Analysts' Expectations vs. March Quarterly Hogs and Pigs Report			
	Range of estimates (% of 2019)	Avg. Pre-report	USDA Report
All hogs	102.8-103.7	103.4	104.0
Breeding	100.5-102.0	101.4	100.4
Marketing	102.9-103.8	103.5	104.3
>180 lbs.	104.1-106.2	105.4	106.5
120-179 lbs.	103.0-105.3	103.8	103.9
50-119 lbs.	100.8-103.6	102.7	103.6
<50 lbs.	102.2-103.5	102.9	104.0

Source: citing Reuters in DLR; USDA-NASS

**Canadian delivered soymeal prices opened lower this morning.** Covid-19 concerns remain a pressuring force as supply and demand chain uncertainty looms large. Argentine port workers have asked officials to suspend exports for 15 days which could be supportive if fully implemented - Argentina is the number one meal exporter in the world. Prospective Plantings will be published next Tuesday with analysts looking for 85.0 million acres of beans according to a poll conducted by Reuters.

**US corn futures opened lower this morning.** Like beans US corn futures are lower to finish the week. US corn futures saw some support earlier in the week but started to back off in yesterday's session. The demand outlook for US corn is much less rosy than in other commodities and analysts' projections for planting are coming in at 94.1 million acres which would be a 'new crop' high estimate at this time of year going back to 2010 if realized.

US Slaughter	
497,000	Thursday
485,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$59.49
W. Corn Belt	\$59.25
National	\$68.61
ML Signature 5	\$162.16
HyLife (prev. day)	\$172.70
TCP/BP2	\$162.16
BP4/TCP4	\$171.43
<b>BoC Rate (Noon) prev. day</b> \$1.4077 CAD / \$0.7103 USD	
Cash Prices Week Ending March 28, 2020	
Signature 3	153.95/69.83
Signature 4	169.58/76.92
Signature 5	161.76/73.37
h@ms Cash	167.58/76.01
HyLife	N/A
BP4/TCP4	158.51/71.90
<b>2020 Top-Up (YTD Rolling Est.)</b> \$10.36 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		148.31	130.79 146.55	150.81 159.07	162.06 164.56	147.60 164.81	136.84 141.84	136.85 140.64	130.85 133.85	130.35 133.85
Maple Leaf Sig 5		141.76	124.97 141.25	146.29 154.30	156.58 157.85	130.31 158.23	120.95 125.79	119.67 129.54	110.91 115.60	113.50 116.87
Soymeal Delivered Wpg/S.Man	536	536	536	531	531	524				

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