

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 14, 2020

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

Forward contract prices opened mostly lower this morning. US

*cash markets continue to push against the seasonal trend with ISM and WCB down \$2.17 and \$2.38, respectively, while the National region is lower by \$0.90 USD/cwt. The recent moves now place daily cash prices on par with the lowest weekly base values seen in recent memory which appeared in *September* of 2018; National is \$1.10 above that low benchmark while the WCB is just 11 cents away from reaching the record. Now, cash market weakness has been seen as late as marketing week 17 in recent history (2017) which would be next week on the calendar, but not to this degree or at these levels. Today's National daily price is 22% lower than the five-year weekly cash average while the WCB is down by 41%. The unprecedented pressure is in large part a function of collapsing bids as demand disruption continues due to Covid-19 not to mention the abundant supply of live animals before the virus outbreak. Cash prices were already under pressure before Covid-19 became an issue amid abundant supplies, but the subsequent fallout from the virus has been to see even more. Exceptional export demand has been the lone bright spot and there are ideas that a seasonal drop in weights will alleviate a modest amount of pressure, but to date, export activity has not been enough to offset domestic demand disruption and weight decreases have yet to fully develop from a seasonal standpoint. In the meantime, lean hog futures trade amid historical lows with the nearby contracts (except for April) trading to the newly defined limit levels yesterday. This morning's trade has been mixed; futures showed initial support at the open but quickly backed off and are trending lower once again as of this writing. Market uncertainty is also unprecedented and although the news is updated daily, there has been nothing to provide the market with a rationale to lift conclusively off the lows. For now, the market will attempt to define a bottom and there are preliminary hints that this could be taking place but certainly no guarantees that this is established this week.*

Canadian delivered soymeal prices opened lower this morning. US

soybean are trading lower with no reason to break out of the recent pattern. The nearby contract (May) is currently trading at \$8.47 USD/bu which just slightly below what could be considered the near-term support level. While below support levels, however, the move can hardly be considered aggressive enough to probe for new lows. That level isn't reached until about \$8.20 and there are no indications that the market is probing for 'new' lows...today.

US corn futures opened lower this morning. Like most other commodities

this morning, US corn futures are once again lower to start the session. The market has been under pressure and trading at contract lows (\$3.27 USD/bu as of this writing), but like beans, there is no indication that the market is price discovering much lower than current levels. The extent to which a bottom is in place will only be revealed in hindsight, but there are ideas this could be taking place currently. The last three sessions have all shown modest support until today.

US Slaughter	
308,000	Monday
434,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$36.95
W. Corn Belt	\$36.95
National	\$52.04
ML Signature 5	\$111.55
HyLife (prev. day)	\$128.08
TCP/BP2	\$111.55
BP4/TCP4	\$128.72
BoC Rate (Noon) prev. day \$1.3936 CAD / \$0.7180 USD	
Cash Prices Week Ending April 10, 2020	
Signature 3	105.23/47.73
Signature 4	143.70/65.18
Signature 5	124.46/56.45
h@ms Cash	124.46/64.27
HyLife	140.28/63.63
BP4/TCP4	166.28/75.42
2020 Top-Up (YTD Rolling Est.) \$11.21 CAD/ckg	
ISO Weans \$7.38 US Avg.	
Feeder Pigs \$32.69 US Avg.	

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig 4		98.89 104.31	107.52 118.11	125.62 129.31	134.04 141.00	127.64 132.07	126.10 127.08	122.53 124.50	122.04 125.48
Maple Leaf Sig 5		87.17 92.75	97.19 106.95	115.36 118.56	115.74 130.68	108.61 113.61	109.05 113.72	101.43 105.55	103.98 107.30
Soymeal Delivered Wpg/S.Man	474	474	484	484	486	486			

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h@ms Marketing Services will be closed

Friday, April 10 for Good Friday - Markets are closed and forward contracting is suspended.

The HMO and Opening Price reports will not be published on Friday.

On Monday, Risk Management is open but the office will have reduced staff levels.

Normal business resumes on Tuesday, April 14.