

Hog Margin Outlook

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Wednesday, August 08, 2018

For details call: (204)235-2237 or visit

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Hog Prices: ↓ Soymeal: ↑
Corn: ↑ CDN Dollar: ↓

US Slaughter	
453,000	Tuesday
450,000	Year Ago
Daily Prices	
W. Corn Belt	\$49.57
National	\$65.75
Iowa/S. MN.	\$50.20
ML Signature 5	\$135.15
HyLife (prev. day)	\$150.23
TCP/BP2	\$135.15
BoC Rate (Noon) prev. day	
\$1.3023 CAD / \$0.7679 USD	
Cash Prices Week Ending August 04, 2018	
Signature 3	141.53/64.20
Signature 4	164.93/74.81
Signature 5 Brandon	153.23/69.50
h@ms Cash	151.73/68.82
HyLife	162.29/73.61
TCP/BP2 Moose Jaw/Langley	167.94/76.18
2018 Top-Up Estimate	
\$4.07/kg (call for details)	
ISO Weans	\$16.65 US Avg.
Feeder Pigs	\$23.41 US Avg.

Forward contract prices opened lower this morning. US cash prices continue the downward trend amid talk packers 'could be' in no hurry to aggressively source supplies, and instead, attempt to move the more expensive meat purchased earlier in cold storage (for example). Plant maintenance also disrupted the normal flows as the largest US packer was down for maintenance earlier. While producers would likely prefer to deliver a bit on the sooner side (anticipating even lower cash pricing), the plants appear to be in no hurry yet. ISM region was down \$2.79, WCB was down \$3.46 and the National region was \$0.69 USD/cwt lower on the day. As well the pork cut-out was lower by \$0.76 USD with bellies once again leading after a brief correction Tuesday. Lean hog futures, likewise, are finding it hard to find traction in the absence of any bullish data. Instead, the market has learned, from the monthly export numbers released Monday, that the Mexican market has imported 5 million lbs less pork than last year while China imports are also 34% lower. Although global sales volumes were higher by 1%, there is not much optimism further out amid expectations of softening demand from the largest US pork customer as the tariffs become fully realized and the perceived pre-tariff buying spree wanes.

Canadian delivered soymeal prices opened higher this morning. There is talk that the market is in a bit of a wait-and-see holding pattern in advance of the August WASDE report that will be released on Friday. In any event, the soybean futures market has seen some recent support on thoughts that China, may at some point, have to return to the US to source supplies. In the meantime, average yield estimate ahead of the report is coming in at 49.6 bpa which, with current usage assumptions, would push ending stocks to 638 million bu. which is a relatively high number for soybeans and would be considered bearish to the trade.

US corn futures opened higher this morning. Like beans, US corn futures traders are waiting for fresh news from the USDA on supply and demand numbers that will be release on Friday. Also, on Friday, yield estimates for the new crop will be updated. For now, pre-report estimates are coming in at a 176.2 bpa estimate for new crop corn representing the second highest yield estimate for the August estimate going back to 2010 and slightly higher than trend line. Remember, however, a global drawdown for the new crop is expected and ending stock are 'only' at 1.636 billion bu. compared to the 2+ billion seen in the old crop.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		110.46 117.24	107.92 110.51	95.96 108.53	95.02 98.71	105.17 117.05	117.52 119.75	125.94 128.17	129.54 134.66	156.31 159.12	158.42 164.22
Soymeal Wpg/S. Man Delivered	490	489	489	491	491						

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