

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 28, 2019

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

www.hamsmarketing.ca

US Slaughter

479,000 Thursday
452,000 Year Ago

Daily Prices

Iowa/S. MN.	69.86
W. Corn Belt	69.60
National	\$76.55
ML Signature 5	\$172.71
HyLife (prev. day)	\$146.90
TCP/BP2	\$172.71
BP4/TCP4	\$178.15

BoC Rate (Noon) prev. day
\$1.3111 CAD / \$0.7630 USD

Cash Prices Week Ending June 29, 2019

Signature 3	171.02/77.57
Signature 4	182.30/82.69
Signature 5	176.66/80.13
h@ms Cash	180.30/81.78
HyLife	180.53/81.89
TCP/BP2	187.88/85.22
BP4/TCP4	187.81/85.19

Cumulative Top-Up Estimate

\$3.38 CAD/ckg

ISO Weans \$36.55 US Avg.

Feeder Pigs \$54.04 US Avg.

Forward contract prices opened higher this morning. US cash markets are lower to finish the last full week of marketing before national holidays disrupt next week's schedule. ISM, WCB and National regions are all down and following a trend that has developed since the end of May. The weekly kill is up (after almost completely mirroring the trend seen in 2018 to the Memorial Day long weekend when slaughter levels typically come down), pork production is high, the cut-out remains under pressure, demand remains weak relative to expectations, and yesterday's Quarterly Hogs and Pigs report, while not as bearish as some thought, has still pressured the futures market this morning. Of note, on-farm efficiencies showed that pigs per litter in the March-May timeframe (not shown here) came in 3.5% higher than the 0.8% expectation, representing the biggest year over year pigs per litter increase in the June report and suggesting that a lot of pork will likely be coming to market in the fourth quarter of this year. Lean hog futures were under pressure at the open (the report was released after trading yesterday) but are regaining some of the initial losses as traders adjust to the new information. All eyes will likely now be on the G20 meeting taking place in Japan this weekend where any news on the developments between USA and China (for better or worse) will be under the proverbial microscope. Many are of the view that nothing concrete will be finalized between the USA and China at this particular meeting, but there is also no consensus on this point either.

Canadian delivered forward contract prices opened lower this morning. There are rumors circulating this morning that China has made a significant commitment to purchase beans (to be delivered at a later date), perhaps, in an attempt to offer an olive branch to the US president while the presidents Xi and Trump meet for approximately 90 minutes in Japan. While this would help the bean trade, commitments are not sales and the market has so far not responded to the news. It might also not be enough, as China and the USA are still relatively far apart on some of the more structural issues yet to be resolved before a trade deal can be announced.

US corn futures opened lower this morning. The Acreage and Grain Stocks reports will arguably be more important to the US corn trade as the market will be looking to see if the current information is priced in. There are wide expectations bordering on consensus that acreage will see a big reduction relative to the intentions in March. Has the market anticipated this correctly? That is the big question today and the answer will be revealed at 11:00 AM, Central. Average expectations ahead of the report are for 86.7 million acres against the 92.8 million acre March intentions.

Analysts' Expectations vs. June Quarterly Hogs and Pigs Report

	Range of estimates (% of 2018)	Avg. Pre-report	USDA Report
All hogs	101.9-106.0	103.0	103.6
Breeding	100.6-105.0	102.1	101.4
Marketing	102.0-106.0	103.1	103.9
>180 lbs.	102.5-107.6	104.6	107.5
120-179 lbs.	101.2-106.0	103.2	103.1
50-119 lbs.	101.4-106.0	102.8	102.7
<50 lbs.	101.3-107.0	102.6	103.2

Source:: citing Reuters in DLR; USDA-NASS

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #5			167.23 171.83	158.87 164.88	155.44 159.32	152.78 160.31	150.42 154.66	153.10 162.57	163.75 170.42	166.29 167.94
Soymeal Delivered Wpg/S.Man	463	461	467	470	473	480				

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Hams Marketing Services will be closed Mon., July 1 for Canada Day.

Risk Management will be closed one hour early on Wed., July 3 and all day on Thurs., July 4 for Independence Day (USA). Main office is open on the 3rd and 4th. The HMO and Opening Price reports will not be published on the 1st or 4th.

