

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 8, 2019

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

## US Slaughter

2.072 mil. Last Week  
1.985 mil. Year Ago

## Daily Prices

Iowa/S. MN. \$67.77  
W. Corn Belt \$67.66  
National \$72.91

ML Signature 5 \$165.99  
HyLife (prev. day) \$167.58  
TCP/BP2 \$165.99  
BP4/TCP4 \$169.53

**BoC Rate (Noon) prev. day**  
\$1.3099 CAD / \$0.7634 USD

## Cash Prices Week Ending July 6, 2019

Signature 3 163.91/74.35  
Signature 4 172.24/78.13  
Signature 5 168.07/76.24  
h@ms Cash 170.24/77.22  
HyLife 170.28/77.24  
TCP/BP2 176.66/80.13  
BP4/TCP4 182.30/82.69

**Cumulative Top-Up Estimate**  
\$3.41 CAD/ckg

ISO Weans \$31.92 US Avg.

Feeder Pigs \$51.76 US Avg.

**Forward contract prices opened higher this morning.** US cash markets are starting the week off much the way they have been performing in recent memory which is to say under pressure. Base prices for week ending July 6 were 12% lower (National) and 14% lower (WCB) compared to the post-2014, four-year average. Cash markets simply have no rationale to move higher amid the current 'glut' of supply available which is pushing pork production to historical levels. For those waiting for support, a bit of good news has surfaced which is seeing hog weights start to push lower and follow a more seasonal trend after making a counter seasonal move higher only a couple weeks ago. However, the expectation that export sales to China would be more robust (either directly or indirectly due to ASF) has not been realized and while current China commitments are coming in higher relative to previous years, total deliveries of pork and variety meats to China/HK are down 18% from the Jan to April timeframe compared to 2018. Furthermore, physical deliveries from all global partners for the Jan to May time period are down 4% relative to last year. Simply put, there is not enough demand generally and/or export activity specifically (China related or not) to clear the current market. Lean hog futures are 'higher' to start the week, but context is important. The October and December contracts were flirting with daily limit lows on Friday after coming under pressure following the Independence Day holiday on Thursday. Like cash markets, the futures market has little reason to rally at this point and is likely to come under more pressure if historical seasonality holds. However, almost no one thinks that China will be able to avoid the US as a source of supply indefinitely and official word from China is that the USA will always be considered for purchasing as the need arises. The timing of that 'need' is what is currently the focus, up for debate, and eagerly anticipated.

**Canadian delivered forward contract prices opened even this morning.** The July WASDE report will be released on Thursday and all attention will be focused on any changes the USDA may make to the balance sheet following the controversial acreage report released at the end of last month. Ending stocks estimates ahead of the report are coming in at 812 million bu. on average against a range of 558 to 1,040 million bushels. The June report estimated ending stocks at over one billion bu.

**US corn futures opened higher this morning.** Corn numbers in the acreage report last month were much more controversial than the bean numbers so the Thursday WASDE will be watched very closely for changes. Average ending stocks estimates for new crop ahead of the release are pegged at 1.692 billion bu with the range coming in between 1.450 and 1.975 billion bu.

Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		168.48 175.43	160.00 165.42	156.42 159.32	151.67 158.21	150.80 153.55	153.11 162.88	164.69 168.15	166.69 168.69	172.67 182.03
Soymeal Delivered Wpg/S.Man	453	453	457	462	465	466				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.