

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 15, 2019

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

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

<b>US Slaughter</b>	
2.415 mil.	Last Week
2.279 mil.	Year Ago
<b>Daily Prices</b>	
Iowa/S. MN.	\$70.27
W. Corn Belt	\$69.08
National	\$71.62
ML Signature 5	\$165.42
HyLife (prev. day)	\$164.76
TCP/BP2	\$165.42
BP4/TCP4	\$165.42
<b>BoC Rate (Noon) prev. day</b>	
\$1.3038 CAD / \$0.7670 USD	
<b>Cash Prices Week Ending July 13, 2019</b>	
Signature 3	165.57/75.10
Signature 4	166.80/75.66
Signature 5	166.18/75.38
h@ms Cash	164.80/74.75
HyLife	165.33/74.99
TCP/BP2	168.07/76.24
BP4/TCP4	172.24/78.13
<b>Cumulative Top-Up Estimate</b>	
\$3.31 CAD/ckg	
ISO Weans \$32.32 US Avg.	
Feeder Pigs \$50.79 US Avg.	

**Forward contract prices opened higher this morning.** US cash markets are starting off with a bit of support as the ISM came in \$1.06 higher than the previous day while the National region was up by a more modest \$0.03 USD/cwt. The WCB reporting region posted no price once again citing confidentiality. Despite the appearance of a stronger start this week, cash markets remain pressured. Taking the National reporting region as an example, the price today is ~13% lower than the cash values typically seen at this time of year on average and are trending lower than the previous week's settle. In a refrain that is sounding repetitive, massive supplies, a weak cut out, and modest demand relative to expectations are pressuring the trade. Moreover, packers are not currently motivated to move bids higher as a low cut out is squeezing margins (even amid seasonally low hog values) especially as supplies remain ample. If no positive demand story develops in the short to medium term, there is a high likelihood cash markets could maintain a more seasonal pattern, which is to say, under pressure until the fall. If this happens, current modelling shows pricing could be pressured by ~\$16 USD/cwt on average pushing Canadian prices down below the \$140 CAD/ckg level near the middle of October. Current outlooks on more buying activity from China range between the beginning of September and the end of the second month of the first quarter in the new year. Lean hog futures started the morning off on a stronger note but have moderated and are trading near the closing values seen on Friday. Like the cash market, futures are simply reconciling large supply expectations with ideas China could need a lot of pork but have yet to substantially commit to market clearing levels of product.

**Canadian delivered forward contract prices opened lower this morning.** US soybean futures are under pressure as talk is starting to surface that some analysts feel the USDA's numbers on bean acreage is a bit too low. This stands in contrast to corn acres, for example, that almost everyone thinks will be updated in the August WASDE after the USDA conducts the announced resurvey. Crop progress will be released after trading today with the market looking for conditions to come in between 51% and 52% good/excellent condition which would represent a 1-2% decrease relative to the previous week.

**US corn futures opened mixed this morning.** US corn futures are starting the week off mixed as the market attempts to speculate on 'actual' acreage (noting that the June acreage number used in the WASDE report last week is considered much too high), poor export sales last week, and a very late crop. Today's Crop Progress report is expected to show a 1-2% drop in the good excellent condition from last week's 57% rating.

Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		174.72 180.19	166.27 171.67	162.72 165.60	153.52 160.04	152.65 155.40	151.94 161.66	163.46 165.06	163.60 165.60	172.43 179.00
Soymeal Delivered Wpg/S.Man	460	460	464	469	474	474				

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.