

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 19, 2019

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

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## US Slaughter

472,000 Thursday  
448,000 Year Ago

## Daily Prices

Iowa/S. MN. \$74.20  
W. Corn Belt \$73.90  
National \$73.32

ML Signature 5 \$173.56  
HyLife (prev. day) \$168.45  
TCP/BP2 \$173.56  
BP4/TCP4 \$170.09

**BoC Rate (Noon) prev. day**  
\$1.3069 CAD / \$0.7652 USD

## Cash Prices Week Ending July 20, 2019

Signature 3 174.33/79.08  
Signature 4 166.37/75.46  
Signature 5 170.35/77.27  
h@ms Cash 164.37/74.56  
HyLife N/A  
TCP/BP2 166.18/75.38  
BP4/TCP4 166.80/75.66

**Cumulative Top-Up Estimate**  
\$3.05 CAD/ckg

ISO Weans \$32.32 US Avg.  
Feeder Pigs \$50.79 US Avg.

**Forward contract prices opened higher this morning.** Volatility in the hog market remains extremely high as the market struggles to reconcile the abundant US supply of hogs against the potential for increased export activity related to the ongoing spread of African Swine Fever in Asia. Cash hog markets have moved higher over the week, following the pork carcass cut-out, which has gained nearly 7% over the last week. In particular, pork bellies have appreciated by 20% over the last 5 trading days, which has been the dominant market feature this week. The weakness in the pork belly primal cut has held back cash pork prices, with belly prices valued at less than half of levels experienced in July of 2017 and 2018. Speculation is widespread about when the US will see Chinese buyers really ramp up their purchases, but this has yet to happen and remains an unreliable factor in the futures market. The Canadian Dollar has eased from its recent, 9-month highs, losing about 25 basis points in early morning trade resulting in a marginal improvement in forward contract prices.

**Canadian delivered Soymeal prices opened higher this morning.** The most recent weather forecast for the Midwest is viewed as bullish to grains as the hot, dry weather may threaten overall yield potential. Another trend that has developed over the last few weeks has been a divergence in Soybean and Soybean meal markets, with meal prices generally moving lower. This is likely related to a pessimistic view by traders that a deal with China will be completed that leads to higher soybean sales this fall.

**US corn futures opened higher this morning.** The combination of a late developing corn crop and the warm, dry forecast is leading to traders to make comparisons to the 1995 growing season. In that year, a delayed crop was hit by extreme conditions in early August, which led to sharply lower yields due to poor pollination. While the US corn crop continues to deal with hurdles, Canadian Wheat and Barley crops have generally experienced improved conditions over the last month, which should benefit livestock feeders in Western Canada.

Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		183.30 186.90	175.20 180.61	171.67 174.57	164.54 171.08	163.67 166.42	163.36 173.13	174.31 176.54	172.85 174.85	178.59 187.95
Soymeal Delivered Wpg/S.Man	461	461	464	470	474	474				

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