

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 22, 2019

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

www.hamsmarketing.ca

US Slaughter

2.303 mil. Last Week
2.378 mil. Year Ago

Daily Prices

Iowa/S. MN. \$75.01
W. Corn Belt \$73.90
National \$73.68

ML Signature 5 \$174.00
HyLife (prev. day) \$169.47
TCP/BP2 \$174.00
BP4/TCP4 \$170.94

BoC Rate (Noon) prev. day
\$1.3071 CAD / \$0.7651 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 165.91/75.26
TCP/BP2 166.18/75.38
BP4/TCP4 166.80/75.66

Cumulative Top-Up Estimate
\$3.05 CAD/ckg

ISO Weans \$34.05 US Avg.
Feeder Pigs \$47.77 US Avg.

Forward contract prices opened higher this morning. US cash markets finally established some support last week after months of a weaker price trend, at a time when prices are normally at their highest level for the year. Last week, the Ham and Belly primal cuts gained approximately 10% of their value, which led to a 5% gain the total value of the cut-out. One factor that helped the cash market arrest its lower trend was the sharp reduction in the weekly hog slaughter, which was down 4.4% from year ago levels. Recent abundant hog numbers have allowed US packers to increase production levels by about 5% over the last few months, outpacing supply expectations. The turn in the cash market trend has also had an impact on Lean Hog futures, resulting in a gain of about 10% to almost all offered contracts over the last 2 weeks. This takes forward prices back to levels not seen since mid-June, but still \$25-\$30/ckg lower than the highs set in April. Producers should look to establish targets for the 2020 production year, with the first 20% of coverage at price levels \$8-\$10/ckg higher than current forward prices.

Canadian delivered Soymeal prices opened lower this morning.

Grain markets moved decisively lower to start this week's trade, as the cooler weather in the short term forecast is generally viewed as a positive for crop conditions. Soybean prices moved higher by close to \$0.15/bushel late last week, which had the effect of adding about \$7/tonne to the price of soybean meal for fall delivery. The critical pod setting period is still two weeks away for most of the Midwest crop, but traders will increasingly focus on the forecast leading up to this timeframe.

US corn futures opened lower this morning .

Grain markets moved decisively lower to start this week's trade, as the cooler weather in the short term forecast is generally viewed as a positive for crop conditions. Soybean prices moved higher by close to \$0.15/bushel late last week, which had the effect of adding about \$7/tonne to the price of soybean meal for fall delivery. The critical pod setting period is still two weeks away for most of the Midwest crop, but traders will increasingly focus on the forecast leading up to this timeframe.

Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		183.38 189.42	180.92 186.35	177.34 180.24	168.78 175.33	167.90 170.66	166.28 176.05	176.33 179.46	174.87 176.87	180.52 189.87
Soymeal Delivered Wpg/S.Man	457	457	461	466	470	470				

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.