

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, July 23, 2019

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

www.hamsmarketing.ca

US Slaughter

473,000 Monday

424,000 Year Ago

Daily Prices

Iowa/S. MN. \$78.78

W. Corn Belt \$73.90

National \$74.34

ML Signature 5 \$175.19

HyLife (prev. day) \$171.01

TCP/BP2 \$175.19

BP4/TCP4 \$172.89

BoC Rate (Noon) prev. day

\$1.3103 CAD / \$0.7632 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 surged higher in yesterday's trade, with the National region reporting gains of close to \$4.00/cwt. While US packers were obviously aggressive in securing supplies for yesterday's slaughter, they shrunk their already tight margins even further, as the pork cut-out gained approximately half the value of the live hog. Hams and Bellies have been on streak of solid gains for the last few days, with loins also making a move higher. However, yesterday's release of the USDA Cold Storage Report revealed an 11% increase in pork inventory over year ago levels, almost no drop from a month earlier when typically supplies are being drawn down. This news just reinforces the fact that pork production has been exceptionally high and has outpaced recent demand and expectations. Some traders may be attempting to build supplies (counter seasonally) in order to meet a perceived shortage in Asia this fall. Producers should use the recent higher futures trend that corresponds with the cash market gains as an opportunity to mitigate price risk in 2020. Setting targets for 20% of production in the first half of 2020 is prudent at price levels \$6-\$8/ckg higher than current forward prices.

Canadian delivered Soymeal prices opened lower this morning.

Yesterday's Crop Progress Report showed no overall change to the US soybean crop condition, with 58% of the crop rated Good – Excellent, well behind levels seen last year of 70%. The Soybean complex may be finding support from signs of progress on a US trade deal with China, with face-to-face meetings scheduled for next week. Also, there is talk within the trade that China may already be committing to some US origin soybeans for delivery in September or later.

US corn futures opened lower this morning . The Crop Progress Report showed only a modest decline in the portion of the Corn crop rated Good/Excellent, at 57% of the US crop and down 1% from last week. However, at a regional level, there was some significant divergence from the trend with States like Tennessee showing a large improvement in condition, while the Colorado crop declined.

Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		186.80 191.21	182.68 188.13	179.10 182.01	170.46 177.04	169.58 172.35	167.77 177.59	177.94 181.02	176.48 178.49	182.22 191.61
Soymeal Delivered Wpg/S.Man	454	454	458	463	467	467				

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