

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, July 31, 2019

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

www.hamsmarketing.ca

US Slaughter	
470,000	Tuesday
450,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$84.24
W. Corn Belt	\$85.19
National	\$81.87
ML Signature 5	\$198.49
HyLife (prev. day)	\$189.62
TCP/BP2	\$198.49
BP4/TCP4	\$191.36
BoC Rate (Noon) prev. day \$1.3168 CAD / \$0.7594 USD	
Cash Prices Week Ending July 27, 2019	
Signature 3	199.23/90.37
Signature 4	176.50/80.06
Signature 5	187.87/85.22
h@ms Cash	174.50/79.15
HyLife	177.52/80.52
TCP/BP2	170.35/77.27
BP4/TCP4	166.37/75.46
Cumulative Top-Up Estimate \$2.54 CAD/ckg	
ISO Weans \$35.36 US Avg.	
Feeder Pigs \$50.11 US Avg.	

Forward contract prices opened lower this morning. The National and ISM regions are mixed mid-week (higher and lower, respectively) while the WCB region once again has not posted prices citing confidentiality. Despite the inconsistency, the trend remains on an upswing that began over the past couple of weeks. Currently, the move could be considered counter seasonal and has resulted in cash markets coming in higher than the previous average normally seen at this time of year - National is up by 6%; WCB (at last reported price) is up by 21%. Large pork production in June (5.9% higher than year ago) combined with an export pace that was less than expected, not to mention low cut out values, were in part responsible for the lethargy seen in the first half of the summer. The cut-out value has improved in recent weeks and the weights of barrows and gilts are down 0.5% from the previous week (which has trended along a more seasonal pattern recently) suggesting cash markets could see some support in the short term. Looking ahead, however, a seasonal ramping up of the kill in August heading into the fall combined with expectations that pork production will be 6.4% higher in the second half of this year could hinder sustained support especially if the domestic and export markets don't pick up the excess capacity and clear the market at current levels. Lean hog futures remain choppy and two-sided after a brief bout of strength seen last week. US exports to China, while good historically, remain at levels below expectations and the ongoing trade war is far from being swiftly resolved. In other news, the Canadian dollar has shown some strength against the US dollar on good economic data, subsequently pressuring forward contract prices in Canada. The US Federal Reserve will announce the lending rate later today which could create more volatility in Canadian hog pricing.

Canadian delivered soymeal prices opened lower this morning. US soybeans remain under pressure as exports remain historically weak and trade talks with the USA and China drag on. There appears to be no path to a swift resolution to the current trade war with China with the most recent news suggesting little progress was made in Beijing this week and that continuing negotiations will resume in Washington in September.

US corn futures opened lower this morning. Like beans, US corn remains under pressure as the market awaits fresh news on direction. The July acreage number in the WASDE report included intended acres which was considered controversial observing the poor planting weather and widely believed to have overstated acreage at the time. As such, the big piece of information to be revealed will be the updated acreage number which is expected to be published in the August WASDE report on the 12th.

Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		175.86	167.34 172.78	163.70 166.61	158.08 164.65	157.21 159.97	157.80 167.62	169.45 171.50	170.04 172.05	175.98 185.39
Soymeal Delivered Wpg/S.Man	448	448	451	453	458	458				

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.

STRENGTH IN NUMBERS

follow us @hamsmarketing
twitter