

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, August 1, 2019

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

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

## US Slaughter

470,000 Wednesday

462,000 Year Ago

## Daily Prices

Iowa/S. MN. \$81.65

W. Corn Belt \$81.61

National \$82.13

ML Signature 5 \$194.18

HyLife (prev. day) \$190.34

TCP/BP2 \$194.18

BP4/TCP4 \$191.67

**BoC Rate (Noon) prev. day**  
\$1.3148 CAD / \$0.7610 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.** Yesterday, the USDA announced, quite abruptly and without prior notice, changes to the Mandatory Price Reporting system (MPR) for the ISM and WCB reporting regions. Citing 'thinly traded' volumes in the regions, the "USDA will only publish weighted average prices, not daily volumes or price ranges..." (Michael Hirtzer, Bloomberg, July 31, 2019). The National region remains unaffected. The move follows an increasing pattern of non-reported daily numbers due to confidentiality concerns. When data is not published daily, subsequent price volatility increases and skews cash pricing. This change is an attempt to provide a continuous data flow without the pricing gaps and eliminate the confidentiality issue. Reactions have been mixed and a deeper analysis will be provided later. In the meantime, market participants should not see pricing that is not available moving forward. Lean hog futures are trading with expanded limits today as most of the contracts traded to limit lows during yesterday's session. The pressure continues and some lean hog futures contracts were trading in the expanded territory earlier this morning. Expectations of a 6.4% increase in pork production for the second half of 2019 combined with ideas that the China/USA trade war is far from over are factors contributing to the pressure – further talks are now scheduled for September. Moreover, the weekly Export Sales report released early this morning showed China reduced (i.e. cancelled) 12,200 MT (!) of USA pork for the week ending July 25. China did take delivery of 8,800 MT from prior commitments, but the cancelation is concerning. Whether China currently needs pork or not and what the pundits speculate about the situation is irrelevant. For the time being, China appears to be actively avoiding (or, attempting to avoid) US-sourced pork amid the current trade spat.

**Canadian delivered soymeal prices opened lower this morning.** Net US export sales came in at 143,000 MT which may appear to be weak but is in line with the seasonal averages for this marketing week. Bean sales typically don't pick up until late August/early September, but the market has been waiting for a more substantial China presence that has so far not materialized. The real question is if China will pick up buying activity in September and unfortunately, the market will simply have to wait to see if that event will be revealed this year.

**US corn futures opened lower this morning.** Pressure remains on the US corn futures trade as most of the risks are currently priced in and export data remains lacklustre. Net sales were up 18% from the previous week but down 43% from the rolling four-week average. The market will likely 'trade the weather' next week until the August WASDE report is published on the 12<sup>th</sup> where updated acreage numbers are expected.

Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5	165.51	156.93 162.41	153.34 156.27	147.03 153.65	146.15 148.93	147.04 156.91	158.74 161.59	160.12 162.14	166.10 175.55
Soymeal Delivered Wpg/S.Man	448	451	453	458	458				

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**h@ms Marketing Services will be closed Monday, August 5 for the seasonal long weekend. The HMO and Opening Price Report will subsequently not be published. Normal business resumes on Tuesday, August 6.**

STRENGTH IN NUMBERS

