

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, August 2, 2019

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

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US Slaughter	
472,000	Thursday
455,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$80.52
W. Corn Belt	\$79.18
National	\$83.48
ML Signature 5	\$193.85
HyLife (prev. day)	\$193.19
TCP/BP2	\$193.85
BP4/TCP4	\$195.85
BoC Rate (Noon) prev. day	
\$1.3217 CAD / \$0.7570 USD	
Cash Prices Week Ending August 3, 2019	
Signature 3	194.15/88.07
Signature 4	190.42/86.37
Signature 5	192.29/87.22
h@ms Cash	188.42/85.47
HyLife	190.01/86.19
TCP/BP2	187.87/85.22
BP4/TCP4	176.50/80.06
Cumulative Top-Up Estimate	
\$2.43 CAD/ckg	
ISO Weans \$35.36 US Avg.	
Feeder Pigs \$50.11 US Avg.	

Forward contract prices opened mixed this morning. US cash markets are mixed with the ISM and WCB regions lower while the National reporting region is higher to finish the week. Changes the USDA made to the reporting in ISM, WCB, and ECB regions took effect yesterday which will now report on the weighted daily average price within the regions (minus volume or price ranges) in an effort to avoid the confidentiality issues that have recently surfaced. Previously, as many as 17% of hogs fell under the negotiated umbrella; currently, that number is closer to 1% which is believed to have stemmed from a new processing plant that could be taking hogs out of the negotiated basket due to more contacting relationships. Lean hog futures ventured into expanded limit territory lower at the close yesterday following a day that saw limit lows reached across most contracts on Wednesday. Ideas that China will not be buying pork aggressively any time soon, and thusly, that the market will not be able to absorb the large production levels, is weighing on the trade. As well, President Trump yesterday announced via Twitter, that he *plans* to apply an additional 10% tariff on \$300 billion of Chinese goods, apparently, in a tweet that was sent before a meeting on the subject with advisors even ended. This morning, the President is apparently walking the threat back somewhat (according to CNBC) as he is reportedly now open to 'delaying or halting' the threat of additional tariffs that were to be applied on September 1, only days before the next China/USA trade meeting. In the meantime, markets will likely struggle to make headway amid the escalating rift. Chinese officials have already warned of retaliation if the threat goes into force, but Chinese officials are somewhat limited in their ability to respond if a simple tit for tat tariff retribution is intended. Regardless, the escalation is unwelcomed in markets that were looking for some certainty.

Canadian delivered soymeal prices opened lower this morning. Despite the threat of new tariffs on China, US soybean futures are trading higher after pushing lower in the previous session. Weather will likely become the focus next week (assuming no new headlines) ahead of the WASDE report that will be released on Monday, August 12. Exports came in at 143,100 against an estimated range of 300,000 to 600,000 MT and were slightly lower than the average seen for the marketing week.

US corn futures opened higher this morning. Like beans, US corn futures are finishing the week off on an upward note after coming under pressure on news of cooler weather and timely rain in some growing areas. Private estimates on yield are starting to trickle out with 167.4 bpa currently being cited by one analytics firm. The updated acreage number in the August 12 WASDE is eagerly anticipated, as when 'known', will influence production estimates that will undoubtedly follow.

Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #5	165.89	158.37 163.31	154.33 156.60	145.03 151.64	144.12 146.82	145.79 155.68	157.52 161.69	160.21 162.24	166.34 170.22	169.03 178.45
Soymeal Delivered Wpg/S.Man	443	446	448	453	453	456				

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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

