

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, August 27, 2019

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

www.hamsmarketing.ca

US Slaughter

477,000 Monday

468,000 Year Ago

Daily Prices

Iowa/S. MN. \$64.22

W. Corn Belt \$64.11

National \$74.27

ML Signature 5 \$165.56

HyLife (prev. day) \$173.99

TCP/BP2 \$165.56

BP4/TCP4 \$175.07

BoC Rate (Noon) prev. day
\$1.3279 CAD / \$0.7531 USD

Cash Prices Week Ending August 24, 2019

Signature 3 168.77/76.55

Signature 4 184.32/83.61

Signature 5 176.55/80.08

h@ms Cash 182.32/82.70

HyLife 180.78/82.00

TCP/BP2 181.88/82.50

BP4/TCP4 191.10/86.68

Cumulative Top-Up Estimate

\$2.93 CAD/ckg

ISO Weans \$19.28 US Avg.

Feeder Pigs \$31.41 US Avg.

Forward contract prices opened higher this morning. US cash markets are coming in mixed with the ISM and WCB regions up a modest \$0.33 and \$0.44, respectively, while the National region was down \$1.16 USD/cwt compared to the previous day. The net value of the cut out remains sluggish suggesting demand for individual cuts from all channels is struggling. The two most important cuts to the carcass (arguably) were both down on Monday with hams \$0.44 lower and bellies down by a more significant \$7.41. Bellies are now falling into a more 'seasonal' trend and there are thoughts that this tack will likely continue as retailers typically do not highlight specials on belly products heading into the fall. Bacon wrapped 'everything', and BLTs are more of a grilling and summer-type promotion, for example. Ribs, another high valued cut but only making up about 5% of the carcass have seen some recent strength but are still at historical lows, never having gained traction due to, in part, a cool, wet start to the summer that apparently tempered grilling demand. Following the 'good news' regarding Japan over the weekend, the rumors have once again started on the status of the USA/China trade talks (or, talks that will be soon coming). However, it is all rampant speculation at this point and not even the commentators agree on the probability of success. At least one analytics firm suggested the rumors are positive, but quickly hedged the comment by stating "if the rumors are true". Of course, it has been this way for quite some time. There is no question that China will be short of pork and there is ongoing evidence that local hog pricing (lean and live) are both trending higher (live up 72.5% y/y) likely proving the first point. But even though China is taking on additional imports (July estimated 76% higher y/y), the USA has not been 'first call' and will soon be subject to a 72% tariff when the new rates go into force next week. All eyes will be on the trade talks between the two nations in Washington DC in early September when almost everyone is hoping for positive news that bucks the current trend (with China) and looks a bit more like the positive story that developed for Japan and the USA at the G-7 meeting in France last weekend.

Canadian delivered soymeal prices opened lower this morning.

Yesterday's Crop Progress report showed that beans were rated at 55% good/excellent compared to the 54% expected rating and a 67% five-year average. A cursory look at the numbers clearly shows crop conditions are relatively low. However, at least one astute analyst has noted that does not mean 45% of the crop is in terrible condition. There are thoughts that the crop could come in near the averages in the final analysis provided killing frosts are kept at bay.

US corn futures opened lower this morning. Like beans, the US corn crop is showing development that is behind the averages. Crop conditions came in at 57% good/excellent which was in line with expectations but compares negatively to the 70% five-year average. Again, that does not mean the rest of the crop is so poor as to be written off, and the main concern now is frost that develops at the 'normal time' could be considered 'early' due to the lateness of the crop going into the ground. What crops need is a late frost; early could be devastating and normal could do significant damage.

| Forward Range (at opening) | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|--------------------------------|-----|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | | 144.13 146.51 | 134.87 144.48 | 138.04 139.66 | 142.26 152.70 | 154.29 159.80 | 160.68 162.66 | 166.48 171.07 | 170.66 181.88 | 186.59 196.61 |
| Soymeal Delivered Wpg/S.Man | 438 | 441 | 443 | 449 | 449 | 451 | | | | | |

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.

follow us @hamsmarketing


**h@ms Marketing Services will be closed Monday,
September 2 for Labour Day (Canada and USA).**

**The HMO and opening price reports will
subsequently not be published.**

Normal business resumes on Tues., September 3.

STRENGTH IN NUMBERS

