

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, September 4, 2019

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

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US Slaughter

485,000 Tuesday

463,000 Year Ago

Daily Prices

Iowa/S. MN. \$55.98

W. Corn Belt \$55.95

National \$68.69

ML Signature 5 \$149.77

HyLife (prev. day) \$160.74

TCP/BP2 \$149.77

BP4/TCP4 \$162.69

BoC Rate (Noon) prev. day
\$1.3343 CAD / \$0.7495 USD

Cash Prices Week Ending August 31, 2019

Signature 3 150.13/68.10

Signature 4 173.47/78.69

Signature 5 161.80/73.39

h@ms Cash 171.47/77.78

HyLife 170.88/77.51

TCP/BP2 176.55/80.08

BP4/TCP4 184.32/83.61

Cumulative Top-Up Estimate

\$3.18 CAD/ckg

ISO Weans \$22.24 US Avg.

Feeder Pigs \$37.02 US Avg.

Forward contract prices opened mixed this morning. US cash markets continued to push lower for the second day of the holiday-shortened week with ISM and WCB down by \$0.24 and \$0.18 USD/cwt, respectively, while the National region came in \$1.08 lower compared to the previous day. In the absence of any real change in the fundamental picture, prices will likely continue the path lower as weights drift higher amid cool temperatures and fresh new feed from harvest. The cut-out has seen some support and the volatile belly primal was up by double digits yesterday, but the net value of the carcass is still residing amid the lows of the historical averages. There are thoughts, however, that improved demand for loins and hams could add a seasonal boost to the carcass value in anticipation of the holiday season, including, of course, Thanksgiving when hams are particularly popular. Currently, cash values are hovering around the values as the same marketing week on average when adjusted for the outliers; National is 3% higher while WCB is 2% lower. Holiday demand will need to develop soon in order to stem the trend lower. Lean hog futures started off strong yesterday (but have since backed off this morning) on thoughts of 'new month/new money' as, once again, the fundamental picture has not drastically changed on the domestic front. One could argue that the fundamental picture is indeed quite poor on the supply side globally, or, soon will be in the face of ASF-related pork shortages. However, the China/USA trade relationship appears to be deteriorating with an escalation in tariffs and increasingly prickly rhetoric on both sides of the bargaining table. There is increasing talk backfill opportunities, as opposed to direct-market access to China, in the short-to mid-term will provide the most prospect for price supports.

Canadian delivered soymeal prices opened higher this morning.

US soybean crop conditions came in 1% below pre-report estimates and are currently pegged at 55% good/excellent compared to 66% last year. At least one analyst has reminded readers that, the low value doesn't mean the balance of the crop is in terrible condition, but there are ideas that even a normal frost could do significant damage further out due to the lateness of the crop.

US corn futures opened lower this morning. Crop conditions for US corn are pegged at 58% in good/excellent which was on par with analysts estimates before the report. Like beans, there is concern 'normal' frosts could do significant damage if the killing temperatures are reached. In the meantime, nearby US corn futures are trading at the lower end of the recently established range.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		152.07 154.46	144.72 151.35	144.89 146.52	150.10 160.56	162.17 166.59	167.47 169.46	173.57 178.17	178.48 189.76	194.48 204.56
Soymeal Delivered Wpg/S.Man	441	445	450	450	452	456				

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STRENGTH IN NUMBERS

