

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 5, 2019

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

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US Slaughter	
485,000	Wednesday
469,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$54.95
W. Corn Belt	\$54.93
National	\$67.44
ML Signature 5	\$146.15
HyLife (prev. day)	\$158.37
TCP/BP2	\$146.15
BP4/TCP4	\$158.76
BoC Rate (Noon) prev. day \$1.3263 CAD / \$0.7540 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 higher this morning. US cash markets continue to push lower with ISM, WCB, and National regions down by \$1.03, \$1.02, and \$1.25 USD/cwt, respectively. While the cut-out had seen some support in recent days, the trend turned lower yesterday adding pressure once again. The volatile belly primal led lower yesterday, but this time, by a more modest \$4.00 USD/cwt. We say 'modestly', because the previous two days saw volatility greater than \$4.00. Regardless, bellies are now valued slightly lower than the seasonal average seen for this marketing week while the net value of the carcass is lower than five of the six last years; only 2018 values are lower. Lean hog futures have made a break higher after being rangebound since about August 2. To be sure, it is a modest break, but the nearby contracts are at their highest values since the beginning of August as of this writing. The market appears to be reluctant to make a significant move higher and is backing off from the early morning support, but it is still holding current levels. News on the China/USA trade meeting front surfaced yesterday with reports suggesting the next meeting in Washington DC will be held in October. Earlier in the summer, the DC meeting was presumed to take place some time this month. While being pushed back, and despite the fact that a concrete date for the meeting has not been revealed, it is nice to see some progress that appears to be consistently agreed to by both parties.

Canadian delivered soymeal prices opened higher this morning. While the Pro Farmer crop tour has wrapped up, Allendale annually releases estimates based on a participation survey with farmers. Allendale's results are in and soybean yield is pegged at 46.1 bpa with a total production estimate of 3.499 billion bu. This compares with the USDA's 48.5 bpa estimate and 3.680 billion bu in production. Frost remains a large concern for the late crop.

US corn futures opened higher this morning. The Allendale farmers' survey estimates corn yield at 167.7 bpa and 13.755 billion bushels in production for the new crop year. Like beans, frost concerns are front and centre. If frost is late this year, the crop could perform amid the averages. If not, however, damage could be significant. The USDA has pegged new crop corn yield at 169.5 bpa and 13.901 billion bu. in production.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		152.54 154.92	146.58 153.18	146.75 148.37	153.85 164.28	165.87 171.30	172.19 174.16	177.64 182.21	180.50 191.69	196.38 206.39
Soymeal Delivered Wpg/S.Man	444	446	452	452	452	456				

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