

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, September 6, 2019

For details call: (204)235-2237 or visit [www.hamsmarketing.ca](http://www.hamsmarketing.ca)

<b>US Slaughter</b>	
463,000	Thursday
474,000	Year Ago
<b>Daily Prices</b>	
Iowa/S. MN.	\$53.89
W. Corn Belt	\$53.84
National	\$67.20
ML Signature 5	\$144.17
HyLife (prev. day)	\$156.87
TCP/BP2	\$144.17
BP4/TCP4	\$157.79
<b>BoC Rate (Noon) prev. day</b> \$1.3228 CAD / \$.7560 USD	
<b>Cash Prices Week Ending September 7, 2019</b>	
Signature 3	134.42/60.97
Signature 4	160.96/73.01
Signature 5	147.69/66.99
h@ms Cash	158.96/72.10
HyLife	NA
TCP/BP2	161.80/73.39
BP4/TCP4	173.47/78.69
<b>Cumulative Top-Up Estimate</b> \$3.46 CAD/ckg	
ISO Weans \$22.24 US Avg.	
Feeder Pigs \$37.02 US Avg.	

**Forward contract prices opened lower this morning.** US cash markets are closing the week off lower with all reporting regions down relative to the previous day. In a refrain that is starting to sound repetitive, the cash market softness is generally expected at this time of year, and with demand picture that has not been robust enough to clear large supplies from both domestic and export channels, the market clearing level may not yet be reached. As well, the carcass cut-out is residing amid historical lows (with only 2018 seeing values lower in the same marketing week) so while US packers are seeing improved margins, they are not motivated to compete aggressively amid ample supply. The nearby lean hog futures saw values briefly eclipse the upper end of the recently established range yesterday but settled within the range by the close of the session. Today, futures are lower at the open and appear to be once again maintaining the rangebound trend seen since the beginning of August (as of this writing) which is to say residing amid recent lows. Customs data for July (revealed yesterday, on a typical two-month lag) has shown that exports from the US in July were the highest ever on record, and notably, for a month that typically sees some softness. Total July exports to all regions were 33% higher than year ago with volumes to China up six times over last year likely prompting some supportive action in the futures markets. Recall, however, the July volumes were shipped before the escalation in trade war threats of new tariffs and WTO challenges launched by China on the USA, but the market could build on this momentum if optimistic news develops and the outcome of the next face-to-face meeting among trade officials in Washington DC next month is positive. On that note, the weekly export sales report showed only modest new commitments from China and only physical deliveries of 6,800 MT of US pork from previous commitments. In other news, the Canadian dollar rallied at the open on a strong employment report, subsequently adding pressure to Canadian dollar denominated forward contract values.

**Canadian delivered soymeal prices opened lower this morning.** Net sales of 69,386 MT were reported on the weekly export sales report yesterday that, while not all that impressive, is nonetheless typical for this time of year. The market will be closely watching for values next and subsequent weeks for the seasonal uptick in net sales volume which is typically and substantially higher than the levels seen recently. Weekly export volumes were likewise seasonally modest but the expectation of the seasonal increase that appears near the beginning of October is in question amid the current trade spat with China and potential feed demand decreases due to ASF in the Asian region.

**US corn futures opened lower this morning.** According to the USDA, a 'marketing year low' materialized on the weekly export sales report that showed a net sales reduction of 165,854 MT to export markets. This stands in sharp contrast to the 500,000 to 900,000 MT range expected by market watchers for this marketing week. US corn futures are lower to finish the week.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		146.57 148.94	141.71 148.28	141.87 143.49	149.55 159.93	161.51 168.10	168.98 170.95	175.33 179.90	179.31 190.51	195.20 205.21
Soymeal Delivered Wpg/S.Man	439	440	447	447	447	451				

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