

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, September 9, 2019

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

US Slaughter	
2.204 mil.	Last Week
2.221 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$52.71
W. Corn Belt	\$52.71
National	\$66.54
ML Signature 5	\$141.43
HyLife (prev. day)	\$154.90
TCP/BP2	\$141.43
BP4/TCP4	\$155.59
BoC Rate (Noon) prev. day \$1.3174 CAD / \$0.7591 USD	
Cash Prices Week Ending September 7, 2019	
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	158.83/72.04
TCP/BP2	161.80/73.39
BP4/TCP4	173.47/78.69
Cumulative Top-Up Estimate	
\$3.46 CAD/ckg	
ISO Weans \$22.19 US Avg.	
Feeder Pigs \$36.15 US Avg.	

Forward contract prices opened lower this morning. US cash markets are continuing their seasonal push lower that is typically observed at this time of year. The National region is maintaining price above three-year averages by about 2% while the WCB region is ~7% lower when observing values in the same marketing week. Current modelling suggests, all else equal (and a season low in week 40, i.e. beginning of October), there is further room to the downside. Of course, there is no guarantee that the first week of October will be the absolutely lowest cash level seen this year and, for example, 2018 lows were reached in August while 2016 lows were reached in December. But when averaged out, week 40 represents a historical seasonal low and this year, the export picture, while good, has not been enough to clear the market or reach expectations. Interestingly, last week's slaughter was lower than year ago, seemingly bucking the recent trend and the idea that the market will be subjected to higher amounts of pork in the marketplace. Recall, however, that the August long weekend is not static year over year, therefore there was one less kill day last week than year ago. Lean hog futures pushed lower still after a day of limit-down moves across all the 2019 and early 2020 futures contracts at the close. The market has since moderated and it 'up' as of this writing. But the move higher has not remotely made up for the losses seen on Friday and is currently trading near contract lows. Market watchers in the meantime will be looking for clues of more ASF-related export purchases on the Thursday report and anxiously await developments on the China/USA trade war. Recent information shows talks have been 'pushed back' from this month to an as-yet undisclosed date in October.

Canadian delivered soymeal prices opened lower this morning. Market watchers and trade participants are looking forward to the August WASDE report that will be released this Thursday, August 12. Updates to yield estimates are widely anticipated following some anecdotal evidence from the Pro Farmer crop tour and Allendale farmers' survey, for example. While crop conditions are poor relative to recent years, there are still expectations that crop production could land amid the averages in the final analysis.

US corn futures opened lower this morning. Like in the US soybean futures, most if not everyone in the trade is looking forward to seeing the USDA's view on yield in Thursday's WASDE report. For now, average expectations are for production to come in at 13.672 billion bu which would only be about 5.2% lower than the five-year average. However, there is a fast approaching frost concern which could change things very quickly if killing frosts develop, even, at a 'normal' time.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		144.68 147.05	135.24 141.81	135.41 137.02	143.42 153.81	155.40 162.63	163.51 165.48	168.92 173.47	173.90 185.05	189.73 199.69
Soymeal Delivered Wpg/S.Man	434	436	442	442	442	447				

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.