

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 12, 2019

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

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US Slaughter

487,000 Wednesday

410,000 Year Ago

Daily Prices

Iowa/S. MN. \$47.56

W. Corn Belt \$47.44

National \$64.14

ML Signature 5 \$132.34

HyLife (prev. day) \$148.47

TCP/BP2 \$132.34

BP4/TCP4 \$150.05

BoC Rate (Noon) prev. day
\$1.3181 CAD / \$0.7587 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 higher this morning. US cash markets are pushing seasonally lower with ISM, WCB, and National regions down by \$1.36, \$1.51, and \$0.52 USD/cwt respectively, relative to the previous day. This week, the National region has lost about \$0.75 per day on average while the more 'responsive' ISM and WCB regions have seen losses consistently over a dollar (and occasionally close to \$2) as those regions tend to lead 'lower' (and higher, for that matter) when market conditions change. The change occurring now is the seasonal trend downward as hogs start to put on more weight amid cooler temperatures. Fresh new feed will at some point also aid in weight gain and as slaughter levels increase, more pork is on the way to market. This pressures cash and without increased demand, the pressure mounts. This year, there were expectations that ASF-related demand may have surfaced by now, providing an outlet for more pork production especially since the new processing plants have come on-line and added capacity (and subsequently, pork production). However, the trade war with China is dragging on and a recent list of US goods exempt from Chinese tariffs did not include pork. Lean hog futures continue to trade the headlines and rumors which has seen significant variability since Monday. Markets have rallied to limit up levels this morning but likely not on the fundamentals. There was news surfacing yesterday that President Trump will delay the October 1 round of tariffs to October 15 and an article in the South China Morning Post suggesting that China could buy more agriculture products amid the negotiations (again). Markets, thus, remain highly volatile. Customs data shows good export activity to China for the month of July when exports to the region are typically pacing lower. However, that trend could be under question as the 'new' tariff threats announced in August were not yet in place. Customs data is lagged by two months rendering projections difficult so as a proxy, the market looks at the less precise Thursday export sales report for clues on direction which, today, showed 10,900 MT in new sales and 5,100 MT from prior commitments into China. While decent, and somewhat consistent, a stronger commitment from China and more physical evidence of commitments or sales is likely needed for a sustained rally.

Canadian delivered soymeal prices opened higher this morning.

All eyes will be on the September WASDE report which will be released at 11:00 AM Central time. Pre-report estimates ahead of the release show 1.054 billion bu. in ending stocks on average and 47.2 bpa for a yield projection. The August WASDE pegged yield at 48.5 bpa

US corn futures opened higher this morning. Like in the bean market, corn traders are awaiting the September WASDE report for news on direction. Average estimates from analysts ahead of the release peg ending stocks at 2.401 billion bu. on average with a yield of 167.2 bpa. Also, like beans, the August report showed a higher yield at 169.5 bpa.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		142.37 143.32	141.23 147.81	141.40 143.01	144.49 154.88	156.48 163.91	164.78 166.75	170.55 175.12	178.48 189.66	194.34 204.33
Soymeal Delivered Wpg/S.Man	446	447	454	454	454	458				

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