

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, September 13, 2019

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

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|---|--------------|
| US Slaughter | |
| 486,000 | Thursday |
| 410,000 | Year Ago |
| Daily Prices | |
| Iowa/S. MN. | \$45.82 |
| W. Corn Belt | \$45.81 |
| National | \$63.64 |
| ML Signature 5 | \$130.03 |
| HyLife (prev. day) | \$147.64 |
| TCP/BP2 | \$130.03 |
| BP4/TCP4 | \$149.17 |
| BoC Rate (Noon) prev. day \$1.3205 CAD / \$0.7573 USD | |
| Cash Prices Week Ending September 7, 2019 | |
| Signature 3 | 118.61/53.80 |
| Signature 4 | 151.68/68.80 |
| Signature 5 | 135.15/61.30 |
| h@ms Cash | 149.68/67.89 |
| HyLife | NA |
| TCP/BP2 | 147.69/66.99 |
| BP4/TCP4 | 160.96/73.01 |
| Cumulative Top-Up Estimate \$3.82 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 lower to finish the week in action that is unsurprising in the context of the historical trend which is to see pressure at this time of year. And while this year is anything but a typical marketing year, the fundamentals have not changed relatively speaking. Large amounts of pork against the backdrop of less-than-anticipated export movements are pressuring the cash market at precisely the same time hog slaughter and weights have also moved seasonally higher. Slaughter numbers are trending just slightly higher than year ago but are likely on an upward trajectory from here to the end of the year. Lean hog futures are higher with some in expanded limits this morning, continuing yesterday's trend that saw almost all contracts lock limit up at the start of the session and remain there for the duration of the trade. The move is a welcome one especially after the market remained amid range-bound lows since the beginning of August. Reports coming from Chinese press that China may potentially purchase more agriculture products in good faith as the trade talks draw closer was a contributing factor as was the Wednesday announcement that the US administration would delay the October round of tariff increases set to go into force on October 1 to October 15 which the market did not price in until yesterday. Further claims that buyers in China have been given the go ahead to purchase an unsubstantiated, yet large amount, of pork are also providing the support this morning. News on bean purchases (see below) have peripherally buoyed these sentiments. It is much too early to call it a new trend and multiple days of support would be needed to pull from the lows and reach, even, the levels seen in July. The moves, if sustained, and the news, if true and carried through to conclusion, are welcome, nonetheless.

Canadian delivered soymeal prices opened higher this morning. While the September WASDE report was neutral-to-bearish relative to expectations, US soybean futures traded higher on positive *potential* trade news and a story from Reuters reporting that ~600,000 MT (10 cargoes) of beans were sold to private Chinese buyers for delivery in the October to December timeframe. Old crop ending stocks came in slightly lower than the average trade estimate, landing at 1.005 billion bu against a 1.054 billion bu. expectation. New crop ending stocks are pegged at 640 million bu against a 660 million bu average pre report estimate and 755 million bu. last month. The USDA's expectation on yield is 47.9 bpa which is 0.6 bpa lower than the value seen last month.

US corn futures opened higher this morning. Information in the September WASDE report yesterday was bearish relative to expectations. Old crop ending stocks were pegged at 2.446 billion bu. against a 2.401 average estimate and slightly higher than the 2.360 billion bu. seen last month. New crop ending stocks are so far coming in at 2.190 billion bu which was also higher than the average pre-report estimates and last month's report. Yield was revised lower by 1.3 bpa to 168.2 bpa. US corn futures were higher despite the higher production and ending stocks, largely, on positive trade news and despite the yield revision lower.

| Forward Range (at opening) | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|-----------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 149.56 150.51 | 152.66 159.28 | 152.83 154.45 | 155.85 166.29 | 167.89 173.04 | 173.92 175.90 | 179.40 183.98 | 184.34 195.55 | 200.24 210.26 |
| Soymeal Delivered Wpg/S.Man | 456 | 457 | 464 | 464 | 464 | 469 | | | | |

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