

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, September 16, 2019

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

US Slaughter	
2.611 mil.	Last Week
2.323 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$46.47
W. Corn Belt	\$46.40
National	\$62.94
ML Signature 5	\$130.43
HyLife (prev. day)	\$146.27
TCP/BP2	\$130.43
BP4/TCP4	\$148.10
<b>BoC Rate (Noon) prev. day</b> \$1.3257 CAD / \$0.7543 USD	
Cash Prices Week Ending September 14, 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	148.72/67.46
TCP/BP2	147.69/66.99
BP4/TCP4	160.96/73.01
Cumulative Top-Up Estimate	
\$3.82 CAD/ckg	
ISO Weans \$26.41 US Avg.	
Feeder Pigs \$38.98 US Avg.	

**Forward contract prices opened higher this morning.** US cash markets are mixed to start the week; ISM and WCB regions are higher while the National region continues the trend lower. Nevertheless, the cash markets, on balance, are exhibiting the features of seasonality which is to see pressure into the fourth quarter on average. Moves higher at this time of year, for this marketing year, are likely limited in the current marketing environment. Pork production remains on its seasonal trend upward and with a slaughter level last week that was 12.4% higher than year ago (!), more pork is inevitably coming. Moreover, the daily cut-out price is currently at its lowest level compared to the weekly benchmarks since data has been captured in the 'new' way (2013). It will likely take a significant demand story to materialize for prices to be supported. In the meantime, market clearing levels for pork have not been reached. Lean hog futures backed off the recent tack higher to start the week but are making small gains back toward the higher Friday closing levels as of this writing. Optimism that China will buy pork (among other 'agricultural' products) ahead of the Washington DC trade meeting in part provided the rationale for the move higher last week. So too had stories circulating that tariffs would be adjusted. But while some stories were suggesting a reduction in current tariff rates, there was some confusion spreading last week and it appears Chinese officials will now only omit adding new tariffs while the negotiating climate warms somewhat. Without a firm commitment on future pork commitments or concrete evidence of a reduction in tariff rates, the market will struggle to make gains from current levels this week. Thursday's weekly export sales report will be watched very closely for clues.

**Canadian delivered soymeal prices opened lower this morning.** Market watchers are calling for a mixed and choppy trade in the short term amid a host of factors that pushed the trade higher than the recently established range last week. But while the resistance level was breached on Friday, the market could struggle to make gains. Improving weather is forecast and even though crop progress is behind the averages, there are still some analysts suggesting crop production near the averages is possible.

**US corn futures opened higher this morning.** Large, managed money short positions and ideas the crop is not further threatened for now are factors keeping the upside in check. While US corn futures are higher to start the week, they have merely been climbing from contract lows that were put in last week. Like beans, a mixed and choppy trade is expected in the short term while the market trades weather and headline news.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		149.08 149.25	153.57 160.19	153.74 155.36	156.92 167.37	168.97 174.17	175.06 177.04	180.50 185.08	186.56 197.78	202.48 212.50
Soymeal Delivered Wpg/S.Man	449	451	458	458	457	462				

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.

STRENGTH IN NUMBERS

follow us @hamsmarketing  
twitter