

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, September 30, 2019

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

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US Slaughter

2.646 mil. Last Week
2.559 mil. Year Ago

Daily Prices

Iowa/S. MN. \$49.11
W. Corn Belt \$48.87
National \$59.97

ML Signature 5 \$129.86
HyLife (prev. day) \$139.96
TCP/BP2 \$129.86
BP4/TCP4 \$141.04

BoC Rate (Noon) prev. day
\$1.3249 CAD / \$0.7548 USD

Cash Prices Week Ending September 28, 2019

Signature 3 114.50/51.94
Signature 4 139.33/63.20
Signature 5 126.91/57.57
h@ms Cash 137.33/62.29
HyLife 138.40/62.78
TCP/BP2 127.28/57.73
BP4/TCP4 143.97/65.30

Cumulative Top-Up Estimate

\$4.36 CAD/ckg

ISO Weans \$33.55 US Avg.

Feeder Pigs \$43.66 US Avg.

Forward contract prices opened mixed to lower this morning.

US cash markets are mixed to start the week with the ISM and WCB regions giving back an average \$1.36 USD/cwt of the previous week's gains while the National region is up \$0.67 representing the first time the region has been up since the end of the summer. Cash markets could be probing for the bottom as lows typically develop around this time of year. Presently, the WCB market is 13% lower than the average seen in the current marketing week when adjusted for outliers; the National region is 4% lower. The WCB region has been making gains (so far) since bottoming out two weeks ago while the National region registered new lows last week. If support materializes this week for the National region, it will be the first time since the summer that it will have a higher weekly base price than the previous week. Lean hog futures gapped lower at the open, likely, as a response to the quarterly Hogs and Pigs report that was released after trading on Friday. Record amounts of pigs in the overall crop and all weight categories were reported for the September report. Market hog inventory was up 4% compared to year ago and 3% higher than the last quarterly report. The only category that was not at record amounts was the number of hogs kept for breeding which, although higher than previous reports, was not at the higher levels seen in the mid 2000s, and certainly no where near the record amounts observed in the mid 1970s. Increases in sow productivity underscored by a pigs per litter number coming in at 11.11 explains how all categories can be higher amid a lower breeding number. Simply put, sow efficiency is improving. Futures markets have since turned higher, however, as even though the hogs and pigs report was bearish, there is still a lot of hope that exports will pick up to all trade partners in southeast Asia, as more ASF outbreaks are being registered almost daily, especially among important export partners like South Korea. China continues to represent excellent export opportunity but has so far been more disciplined in their buying, likely as a function of the ongoing trade disagreements with the USA.

Canadian delivered soymeal prices opened higher this morning.

The market will be watching for the Quarterly Grain Stocks report that will be released at 12:00PM Eastern time. After the market prices in the new information, all eyes will be on the Thursday export sales report to watch for some of those China purchase announcements made last week. Weather has been wet across much of the Midwest, stalling out harvest in some areas, but the news making the rounds on weather this weekend was entirely focused on Alberta and Saskatchewan where significant amounts of snow fell and continue to fall in the region.

US corn futures opened higher this morning.

The 6-10 day forecast throughout the Eastern part of the corn belt is showing above average temperatures, giving US producers some optimism in the short term. The US has also just announced the sale of 120,000 tonnes of corn to Mexico for delivery in 19/20. While not a massive amount relatively speaking, Mexico remains a very important market for US corn. The Quarterly Grain Stocks report will be released at 11:00 AM, Central time.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5			154.41 161.02	154.58 156.20	156.22 166.67	168.15 174.42	175.30 177.28	180.78 185.36	183.65 194.86	199.67 209.57
Soymeal Delivered Wpg/S.Man	446	447	456	456	456	462				

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