



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 12, 2018

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Hog Prices: ↑↓ Soymeal: ↑  
Corn: ↑ CDN Dollar: ↓

US Slaughter	
473,000	Thursday
460,000	Year Ago
Daily Prices	
W. Corn Belt	\$61.70
National	\$70.04
Iowa/S. MN.	\$61.74
ML Signature 5	\$154.77
HyLife (prev. day)	\$160.14
TCP/BP2	\$154.77
BoC Rate (Noon) prev. day \$1.3038 CAD / \$0.7670 USD	
Cash Prices Week Ending October 13, 2018	
Signature 3	149.89/67.99
Signature 4	161.70/73.35
Signature 5 Brandon	155.80/70.67
h@ms Cash	154.30/69.99
HyLife	N/A
TCP/BP2 Moose Jaw/Langley	153.35/69.56
2018 Top-Up Estimate	
\$5.46 ckg (call for details)	
ISO Weans	\$35.23 US Avg.
Feeder Pigs	\$40.34 US Avg.

**Forward contract prices opened mixed this morning.** US cash markets were lower in yesterday's trade with the latter half of this week showing declines of nearly \$1.00 USD/cwt per day. The cash market has been 'trendy' over the past two months; in August, the market was consistently losing about \$1 -\$1.50 per day while in September it was gaining approximately the same amount. So far in October, the trend has been relatively stable, but the recent weakness may indicate the beginning of another downward trend. Packers have had good operating margins over this entire time frame with the value of the pork cut-out being the primary influence on what packers have been willing to bid. Nearby lean hog futures have seen about \$3.00 USD/cwt (about 5% of their value) erode over this week with traders more pessimistic about supplies and cash prices over the next two months. However, the spring/summer month contracts have traded with greater optimism, hitting new contract highs half way through this week. Downside to the spring/summer timeframe currently appears limited with the uncertainty of African Swine Fever in China and Europe providing underlying support.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures turned immediately higher following the release of the October WASDE report yesterday. Many analysts considered the results neutral, so the reaction is, perhaps, a reflection of the combination of the current state of yield and ending stocks estimates, combined with a less than rosy outlook for harvest conditions in many areas that are now falling behind (not to mention some anecdotal evidence suggesting poor bean quality due to the weather in impacted areas). The USDA pegged yield at 53.1 bpa against 52.8 in September and a 52.0-55.0 bpa range of estimates. Ending stocks came in 885 million bu. against a 788-985 million bu. pre-report range.

**US corn futures opened higher this morning.** US corn futures saw some support yesterday in action that was considered surprising. The September WASDE report showed a 181.3 bpa average yield while the pre-report estimate was expected to come in slightly higher at 181.8 bpa. As such, the 180.7 bpa reported for October (at the low end of the range of expectation) was considered supportive. Added to this is some inclement weather still in the forecast for harvest areas; ultimate production is now a little less certain than before which is providing support for the trade. Ending stocks came in at 1.813 billion bu compared to the 1.766-2.352 range and 1.774 billion bu in the September report.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		121.88 131.27	121.48 125.17	120.59 137.35	140.63 143.91	145.32 150.82	152.47 159.74	160.79 172.86	171.29 184.06	178.30 180.80	174.79 180.57
Soymeal Wpg/S.Man	441	445	445	450	450	450					

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## h@ms 2018 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current, SK	Tuesday, Oct. 30th - 12:00 Noon	Days Inn - 905 North Service Road East
Starbuck, MB	Thursday, Nov. 1st - 2:00 PM	Starbuck Community Hall - 25 Main Street
Strathmore, AB	Wednesday, Nov. 7th - 12:00 Noon	Travelodge - 350 Ridge Road