Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 16, 2018

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

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

US Slaughter	
459,000	Monday
445,000	Year Ago

Daily Prices	
W. Corn Belt	$59.96
National	$69.48
Iowa/S. MN.	$59.98
ML Signature 5	$151.52
HyLife (prev. day)	$159.35
TCP/BP2	$151.52

BoC Rate (Noon) *prev. day*
$1.2993 CAD / $0.7696 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	154.49/70.08
TCP/BP2 Moose Jaw/Langley	153.35/69.56

2018 Top-Up Estimate
$5.46 ckg (call for details)

ISO Weans	$34.53	US Avg.
Feeder Pigs	$43.96	US Avg.

Forward contract prices opened mixed this morning. *US cash markets were lower to start the week despite added gains in the pork carcass cut-out. Pork bellies have now surged to values 40% higher than year-ago levels and are making the biggest contribution to the firm pork cut-out that is running nearly 7% higher than last year. A daily hog slaughter came in at 459,000 continues to lag what was anticipated to be near to the maximum daily slaughter capacity reached at this time. Lean hog futures have been experiencing high volatility due to the large number of unknowns in the market fundamentals. These include the current supply deficit, the unknown timeline on tariffs against US pork, and a potential African Swine Fever impact. Nearby lean hog futures are trading in the middle of their one-month trading range while the spring/summer month contracts have found more support and are maintaining a $2.50 USD/cwt trading range just below the contract highs. No additional protection is recommended for mid-2019 at this time as the market appears unwilling to drop its risk premium related to the ongoing spread of African Swine Fever.*

Canadian delivered soymeal prices opened lower this morning. *Yesterday's 'surprise' rally in US bean futures brought the nearby contracts to the upper end of the established range but the action appears to be short lived. US soybean futures are trading lower this morning as the market adjusts to the repositioning. Yesterday's Crop Progress report showed conditions to be 66% in good/ excellent condition compared to 67% expected and 68% last week. Harvest pace, on the other hand, is a matter of perspective. While the national average pace was pegged only 2% lower than expectations (coming in at 38% complete), it compares to 47% last year and a 53% average. The Dakotas, Minnesota, and Iowa were all more than 30% behind the 5-year average pace.*

US corn futures opened lower this morning. *While yesterday's session started choppy, it showed some strength to close at the upper end of the established range. This morning, like beans, US corn futures are starting the Tuesday session off on a lower note. The USDA's Crop Progress report showed the national average condition to be at 68% good/excellent compared to the 67% expected and 65% last year. Unlike beans, however, and while the harvest progress was lower than the pre-report expectation by 1%, it was higher than last year's 27% as well as the 35% 5-year average, coming in at 38% complete.*

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		124.66 129.91	124.26 127.93	122.41 139.05	142.31 145.56	144.59 150.06	151.56 158.76	159.85 171.83	170.27 182.94	177.73 180.22	174.14 179.87
Soymeal Wpg/S.Man	438	452	452	459	457	457					

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