Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 17, 2018

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

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

US Slaughter	
477,000	Tuesday
453,000	Year Ago

Daily Prices	
W. Corn Belt	$59.78
National	$69.85
Iowa/S. MN.	$59.85
ML Signature 5	$151.01
HyLife (prev. day)	$159.74
TCP/BP2	$151.01

BoC Rate (Noon) *prev. day*
$1.2938 CAD / $0.7729 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 lower this morning. *US negotiated cash hog prices were slightly lower in yesterday's trade, but the declines were smaller than those seen over the last few days, and the volume of pigs purchased has been rising. The USDA reported a daily slaughter estimate of 477,000 hogs for yesterday, the highest one-day slaughter ever reported. Over the last few weeks, some plants have struggled to run at consistently high levels and several days were reported at well under 460,000 hogs. Current December lean hog futures values suggest a cash market decline of approximately 15% over the next two months, which would be consistent with the normal seasonal trend. However, there is a large discrepancy between expectations of hog supply and the actual hog numbers being slaughtered which is adding uncertainty and, therefore, volatility to the market. The discovery of three new cases of African Swine Fever in China earlier this week was contributing to the recent gains in the summer month contracts earlier. However, the spread of the disease is not yet significant enough to warrant a premium that would be above average in this timeframe.*

Canadian delivered soymeal prices opened higher this morning. *The market will likely turn to the technical indicators for direction in the near-term unless some breaking news develops. The market generally 'knows' the status of the crop progress (behind averages) and conditions (above averages) and the harvest pressure typically seen this time of year has not been as strong due to the inclement weather in parts of the Midwest and Northern Plains. There are rumors regarding progress (or lack thereof) on China/US trade talks, but nothing officially announced and the beans that are currently en route are believed to be previous orders as opposed to new sales. There is more talk that China is not returning to the US as a supplier anytime soon.*

US corn futures opened higher this morning. *The move higher follows some corrective weakness seen yesterday but follows an overall upward trend seen in the US corn futures market since the middle of September. Where is all the harvest pressure? While the uncooperative weather has not helped, the national harvest pace was 3% higher than the 5-year pace in Monday's report suggesting US corn farmers are faring better than their soybean harvesting counterparts. There has been some supportive news on the ethanol front (in terms of production) and while the US administration has green-lighted 12-month E-15 ethanol production, there is no consensus if it will be supportive in the long term. Export sales numbers will be released Thursday.*

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		119.64 124.90	119.24 122.91	119.40 136.10	139.37 142.64	143.64 149.13	150.05 157.26	158.53 170.50	168.95 181.61	177.27 179.75	173.60 179.33
Soymeal Wpg/S.Man	439	456	456	463	461	461					

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