

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 18, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
477,000	Wednesday
463,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.92
National	\$69.12
Iowa/S. MN.	\$58.97
ML Signature 5	\$149.88
HyLife (prev. day)	\$157.40
TCP/BP2	\$149.88
BoC Rate (Noon) prev. day	
\$1.2994 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	160.00/72.58
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 mostly lower this morning. US cash markets are expected to come under pressure today, following yesterday's sharp decline in the pork carcass cut-out. While the spread between the cut-out value and negotiated prices of hogs is near \$20 USD/cwt, packers are expected to match their bids for live hogs to the pace of decline in pork prices in an effort to maintain their profitable margins. Market ready hog supplies appear to be building after several weeks of hog numbers that were lagging year-ago levels. For the first time since August, hog carcass weights in the Midwest were heavier than last year which indicates that producers were holding back on marketings until recently. Lean hog futures are reflecting the bearish turn in the cash market, with the nearby (December) contract losing approximately \$4.00 USD/cwt so far this week. This has taken the remaining 2018 forward contract prices to the lowest level seen since early September. Producers that are looking to add price protection on some of their production in November and December should consider placing targets \$5-\$7 CAD/kg higher than current forward prices to take advantage of the higher market volatility.

Canadian delivered soymeal prices opened mostly lower this morning. US soybean futures are trading significantly lower this morning on the heels of an export sales report that came well under pre-report expectations. Net sales of 293,600 MT were recorded for the week 'ending' October 5 (a 'week' for export sales capture is from Friday to the following Thursday) against the expected 600,000 to 1.0 MMT range. Cancellations from an unknown destination came in at 649,000 MT (!). Soybean shipments at this time of year typically land around the 53% mark; this year they come in at 37% of the USDA's target (45% last year) and are considered well off the pace.

US corn futures opened lower this morning. This morning's export sales report was likewise bearish for the US corn futures trade as the report showed sales well below pre-report expectations. Net sales of US corn for the marketing week came in at 385,200 MT compared to the range of expectations suggesting 800,000 to 1.3 MMT was possible. Put another way, 96 million more bushels of corn would have needed to have been sold this week to meet the USDA's target number for the marketing year. Last week, that number was 55 million bushels suggesting the situation is not presently getting better as the weeks tick by.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		115.78 121.06	115.38 119.06	115.62 132.39	135.68 138.96	141.02 146.54	147.69 154.93	158.13 170.17	168.60 181.34	176.97 179.47	174.11 179.89
Soymeal Wpg/S.Man	441	450	450	457	455	455					

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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