

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 19, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
477,000	Thursday
463,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.73
National	\$68.62
Iowa/S. MN.	\$58.76
ML Signature 5	\$149.80
HyLife (prev. day)	\$156.92
TCP/BP2	\$149.80
BoC Rate (Noon) prev. day	
\$1.3057 CAD / \$0.7659 USD	
Cash Prices Week Ending October 20, 2018	
Signature 3	142.05/64.43
Signature 4	160.08/72.61
Signature 5 Brandon	151.07/68.52
h@ms Cash	149.57/67.84
HyLife	N/A
TCP/BP2 Moose Jaw/Langley	155.80/70.67
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 negotiated cash markets declined approximately \$3.00 USD/cwt (or 5%) over the last week. The market trend has changed from being relatively stable to putting in declines of \$0.75/cwt per day as weekly hog supplies are growing and pork product values are moving lower in response. While the last several weeks have seen the US hog slaughter come in well under expectations, producers in the US are starting to be more aggressive with their marketings which is expected to lead to weekly slaughter totals that routinely exceed 2.6 million hogs. Yesterday, lean hog futures moved sharply lower as traders were factoring the recent cash market trend. The move took the December lean hogs contract to its lowest level since late August, but the nearby contract has recovered some of its value in early morning trade. News of a 'surge' in African Swine Fever cases in Liaoning province in China is likely contributing to the support being seen in the summer 2019 contracts this morning. The latest reports from China showed there were seven new cases that affected 36,046 animals which continues to show a relatively slow, but consistent, increase in the spread of the disease.

Canadian delivered soymeal prices opened mostly lower this morning. US soybean futures are trading lower to finish the week on thoughts that harvest pressure will soon start to materialize in a more meaningful way and ideas that the recently less than rosy export picture could hint at things to come. The Dakotas, Minnesota and Iowa were all more than 30% of the seasonal harvest pace in the last report, but there are thoughts that the improving weather over the next couple weeks will allow farmers to ramp up harvest activity. A weak export sales report this week combined with monthly data showing Chinese buyers have not started to pick up US purchases in August is pressuring. September numbers, when released by the USDA, will likely be telling.

US corn futures opened lower this morning. Like beans, US corn futures are drifting lower to finish the week. While the US corn harvest is not in as poor shape as the bean harvest, improving weather over the next couple weeks should allow for rapid improvements in harvest pace. As well, there is a general 'risk off' tone in commodities amid ongoing trade issues and some other geopolitical events (US/Saudi Arabia relations, comparatively 'low' China GDP numbers, for example) that have pushed investors from commodities to safe havens like gold and the US Dollar. Export sales numbers were equally weak in the latest export sales report which is adding a bearish tone to the corn market overall.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		115.50 120.80	115.10 118.80	113.89 130.72	134.02 137.31	139.98 145.51	147.09 154.38	157.32 169.44	167.86 180.68	175.85 178.36	173.09 178.88
Soymeal Wpg/S.Man	445	445	445	453	451	451					

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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