h@ms MARKETING SERVICES

# Hog Margin Outlook

*Meeting Your Marketing Needs*

Monday, October 22, 2018

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

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

| US Slaughter | |
|---|---|
| 2.589 mil. | Last Week |
| 2.468 mil. | Year Ago |

| Daily Prices | |
|---|---|
| W. Corn Belt | $58.36 |
| National | $68.14 |
| Iowa/S. MN. | $58.50 |
| ML Signature 5 | $149.33 |
| HyLife (prev. day) | $156.58 |
| TCP/BP2 | $149.33 |

***BoC Rate (Noon)** prev. day*
$1.3104 CAD / $0.7631 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 | 158.00/71.67 |
| TCP/BP2 Moose Jaw/Langley | 155.80/70.67 |

**2018 Top-Up Estimate**
$5.54 ckg (call for details)

| | |
|---|---|
| ISO Weans | $36.12 US Avg. |
| Feeder Pigs | $41.21 US Avg. |

***Forward contract prices opened mostly lower this morning.*** *US cash markets are expected to continue last week's lower trend that saw values losing an average of $0.50 USD/cwt per day. While hog supplies were ample, US packers did not maximize their capacity and a couple of weekdays saw daily totals of well under 470,000 hogs. While last week's slaughter was one of the largest on record at 2.589 million hogs (and 5% larger than the same week last year), it is close to 100,000 hogs fewer than ag economist Steve Meyer's annual US slaughter capacity survey. Domestic demand is performing well, especially in the pork belly market, where the price of bellies are up 50% from year ago levels. However, the December lean hog futures are still factoring in a 25% decline in cash prices over the next seven weeks. There were two new reported cases of African Swine Fever in China on Sunday along with some new cases reported in Romania, Belgium and Poland over the last four days. Lean hog futures are seeing a split in trade, with the nearby contracts getting influence from cash markets while the deferred month contacts remain supported by the risks associated with ASF.*

***Canadian delivered soymeal prices opened lower this morning.*** *Some strength returns to the US soybean futures market after trending lower for almost all last week. Depending on the observation points, the market is currently trading near the middle of the range that was established in mid-August and there is no particular reason (except, perhaps, on technical grounds) for this morning's strength making the news rounds as of this writing. Harvest progress is expected to be improved over past weeks as the weather improved over some of the areas hit by inclement weather, but the real progress is expected to be accomplished this week as fields dry down. Traders are looking for progress numbers to come in at 52% compared to the 68% average at this time of year.*

***US corn futures opened higher this morning.*** *Like beans, US corn futures are also seeing some strength return to the market after a less-than-stellar performance last week from an investment perspective. Improving weather in harvest regions could put a damper on the move higher, but unlike beans, the corn harvest has not suffered the same setbacks as see in the bean harvest. Today's report published after the market closes is expected to show progress at 49% compared to the 47% average. Traders will be closely watching weekly export numbers released Thursday (for both corn and beans) to see if last week's dreadful export numbers were a blip or a hint of things to come.*

| Forward Range (at opening) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Maple Leaf Sig. #5 | | 114.73 | 114.33<br>118.04 | 113.02<br>129.85 | 133.14<br>136.44 | 138.46<br>143.99 | 145.67<br>152.96 | 157.91<br>170.02 | 168.45<br>181.27 | 177.63<br>180.14 | 174.73<br>180.54 |
| Soymeal Wpg/S.Man | 444 | 444 | 444 | 451 | 451 | 452 | | | | | |



## *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 |