

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 24, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
477,000	Tuesday
458,000	Year Ago
Daily Prices	
W. Corn Belt	\$57.73
National	\$67.53
Iowa/S. MN.	\$57.75
ML Signature 5	\$147.80
HyLife (prev. day)	\$155.75
TCP/BP2	\$147.80
BoC Rate (Noon) prev. day	
\$1.3098 CAD / \$0.7635 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 higher this morning. In a move that was considered somewhat surprising, regional cash prices rose from the previous session. The ISM, WCB and the National regions were all higher, coming in at \$0.46, \$0.56, and \$0.34 USD/cwt. over the previous day respectively. This move bucks the seasonal trend that normally sees cash markets come under pressure at this time of year. Yesterday's slaughter came in at 477,000 hogs which is considered to be among the upper levels of the current daily capacity. The carcass cut out was net 53 cents (USD/cwt.) lower on the day. The cold storage report may or may not be a factor in the recent cash market strength as the report came in lower than expectations. But lower supplies and a lower-than-normal seasonal build in inventory, combined with fears that African Swine Fever is still not completely controlled in China, is giving the lean hog futures trade some rationale for the move higher. As of this writing, the nearby contracts (December and February) are trading over \$2 USD/cwt. since the opening bell. This significant move materializes even though there is no evidence more US pork is currently moving into the global marketplace. But it could if the disease is not brought under control.

Canadian delivered soymeal prices opened lower this morning. The combination of lower futures values and a significantly higher Canadian dollar has meant soymeal prices for Canadian purchasers dropped by approximately \$10 CAD/MT this morning. Mounting concerns regarding oversupply in the USA is pressuring the futures market while the CAD shot up 6/10ths of a cent this morning following an announcement from the Bank of Canada that interest rates will rise another 25 basis points to put the overnight rate at 1.75%.

US corn futures opened lower this morning. US corn futures once again fail to gain any momentum and are trading lower from the middle of the recently established range. South American harvest is coming along at a quicker than normal pace with Brazil's first crop estimated at 59% complete compared to a 53% average. Argentina, likewise, is rapidly progressing at 35% completed compared to the 23% 5-year average. All eyes will be on tomorrow's export sales report (published weekly) for clues on further direction. The last two reports came in much lower than expectations.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		123.89	123.49 127.17	120.92 137.65	140.92 144.20	145.08 150.58	152.26 159.52	162.51 174.56	172.96 185.71	180.05 182.55	176.49 182.24
Soymeal Wpg/S.Man	440	440	440	448	450	450					

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h@ms 2018 Fall Marketing Meeting - Featured Speakers

h@ms Marketing Services is pleased to announce the following guest speakers will present information on ASF

Dr. Kane Christiuk, DVM - Warman Veterinary Services - Swift Current, SK - Tues., Oct. 30

Dr. Blaine Tully, DVM - Swine Health Professionals - Starbuck, MB - Thurs., Nov. 1

Strathmore, AB guest TBA - Wed., Nov. 7