Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 25, 2018

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

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

US Slaughter	
476,000	Wednesday
461,000	Year Ago

Daily Prices	
W. Corn Belt	$57.74
National	$66.62
Iowa/S. MN.	$57.78
ML Signature 5	$145.98
HyLife (prev. day)	$153.56
TCP/BP2	$145.98

BoC Rate (Noon) *prev. day*
$1.3029 CAD / $0.7675 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. *US cash markets traded mixed yesterday with formula-based prices moving mostly lower while negotiated prices have found some recent support. Packers still have good incentives to fill their plants as their operating margins are estimated at better than $20 USD per hog (albeit down from levels seen two weeks ago). This week's slaughter is on pace for 2.6 million hogs, but hitting this record depends on the weekend production and some plants are unable to add the extra shifts due to labor or environmental constraints. December and February lean hog futures closed yesterday's trade limit up with traders taking the position that cash prices were not going to fall enough over the next 40 days to the degree of the discount at which the December contract was trading at before the move. All of the summer month contracts of 2019 hit new contract highs, in part, due to the ongoing spread of African Swine Fever in China and reports that a new case was found in a Southern province which is adjacent to some of the densest pig production in the country.*

Canadian delivered soymeal prices opened lower this morning. *US soybean futures continue to trade lower for another consecutive day as mounting harvest pressure, weakening cash basis, and export pessimism mounts. The regions that were 30% behind harvest pace last week are making progress this week and it is expected that a more rapid harvest pace will be observed in next week's report as well. Net sales of 212,700 MT of beans were recorded for the last reporting week which was considered weak; 'Reductions' for an unknown region came in at 530,000 MT. China typically ramps up US imports in September and especially October. This year's autumn movements to the region will be closely watched as previous sales intentions can always be cancelled, but even the sales information is hinting at a weaker-than-normal seasonal activity.*

US corn futures opened lower this morning. *Like beans, US corn futures are drifting lower at the opening. Weak export sales are providing the fundamental rationale at the same time harvest volumes are starting to increase. Last year, export sales of US corn were over 1.0 MMT and bookended by multiple weeks of approximately 1.0 MMT sales from the beginning of October well into March of the following year. This year, a more modest 349,531 MT in sales were recorded. While there is not reason for alarm just yet, it is noted that volumes of sales year-over-year, so far, this year have been well off the pace that normally sees some increase in activity at this time.*

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		128.05	127.65 131.35	125.06 141.90	145.19 148.49	148.02 153.55	155.05 162.34	165.18 177.30	175.70 188.52	183.53 186.04	179.53 185.34
Soymeal Wpg/S.Man	432	432	432	439	441	441					

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