



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 26 2018

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

www.hamsmarketing.ca

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

US Slaughter	
475,000	Thursday
458,000	Year Ago
Daily Prices	
W. Corn Belt	\$57.45
National	\$66.42
Iowa/S. MN.	\$57.46
ML Signature 5	\$145.93
HyLife (prev. day)	\$152.31
TCP/BP2	\$145.93
BoC Rate (Noon) prev. day \$1.3076 CAD / \$0.7648 USD	
Cash Prices Week Ending October 27, 2018	
Signature 3	138.34/62.75
Signature 4	155.99/70.76
Signature 5 Brandon	147.16/66.75
h@ms Cash	145.66/66.07
HyLife	N/A
TCP/BP2 Moose Jaw/Langley	151.07/68.52
2018 Top-Up Estimate	
\$5.62 ckg (call for details)	
ISO Weans	\$36.12 US Avg.
Feeder Pigs	\$41.21 US Avg.

Forward contract prices opened mixed this morning. US cash markets, both negotiated and formula-based, moved moderately lower over this week, reflecting the ample supply of market ready hogs. This week's slaughter is anticipated to come in around 2.6 million hogs with weekend production pushing the total to a new record for any of the year. The pork carcass cut-out has come under a little pressure due to weaker ham and loin values, but supportive belly and rib prices have been a positive offset. The short-term outlook improved immensely over this week with the December lean hog futures contract gaining more than 10% of its value. However, even with the recent gains, cash prices are still anticipated to drop about 10% or about \$15 CAD/kg over the next six weeks. 2019 forward contracts have also made gains, but futures traders have generally been more cautious about pushing into new contract highs due to the expectation of abundant hog supplies and increased talk of the risk of an economic slowdown impacting domestic meat demand. However, the ongoing spread of African Swine Fever in China and Eastern Europe remains a supportive feature that has the potential to change the global pork trade.

Canadian delivered soymeal prices opened higher this morning. Following consecutive sessions of losses, US soybean futures are trading higher to finish the week. The move is not considered a trend reversal (which was biasing to lower) or a rally that can be sustained unless some fundamental news develops that will change the outlook. In the meantime, the market continues to harbour a bearish tone despite today's strength. There is talk export shipments remain decent, but the latest USDA numbers showing volumes moved (latest data is for August only) paint a different picture. As well, net sales have been poor for two consecutive weeks when they should normally be ramping up at this time.

US corn futures opened higher this morning. US corn futures are following beans lower to finish the week. The corn market is not in the same position as beans, however. Harvest pace to this point has been slightly higher than the seasonal averages and export sales have been 33% better than last year's pace (despite last weeks' dismal numbers and compared to the 25% y/y reduction seen in beans). The market will be looking to the Crop Progress report on Monday for further clues on the status of harvest pace, but the consensus is that farmers will have made considerable progress over the latest break in the rainy and wet weather that was seen earlier

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		125.98	125.58 129.30	126.24 143.14	146.45 149.76	149.53 155.08	156.54 163.86	166.24 178.40	176.79 189.66	184.29 186.81	179.81 185.64
Soymeal Wpg/S.Man	437	437	437	445	446	446					

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

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