



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 29 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets dropped approximately \$2.50 USD/cwt in trade last week, but the trend appears to be levelling out even as hog supply approaches the highest levels for the year. While last week's hog slaughter was estimated at 2.569 million hogs (only about 2% larger than year ago), recent sharp increases in carcass weights suggest that producers are holding back on their marketings. Weekly hog slaughter is expected to exceed 2.6 million hogs in several weeks over the next two months which could put significant pressure on wholesale pork prices if product starts to back up in storage. Lean hog futures hit or approached new contract highs in all of the 2019 contracts on Friday and again in trading early this morning. Over the weekend, China reported an African Swine Fever outbreak in the southern province of Hunan where no previous cases have been reported. With the most recent news, the number of regions or provinces in China that have broken with the disease represent more than 1/3 of Chinese hog production. As a result, Lean Hog futures are expected to trade steady-to-higher in the near term, reflecting the large implications of a significant reduction in Chinese pork production.

Canadian delivered soymeal prices opened even this morning. Crop progress numbers will be released later today (after trading) and the market is expecting some substantial progress to be made as the weather improved last week in many harvesting areas. But the big news is surrounding sales and export movements. The latest aggregated and official data from the USDA is for August which showed extremely poor shipments compared to the last two years. When September numbers come out, the results will be telling. In the meantime, market watchers are looking at sales numbers as a guide. It is widely known that no one alternate supplier can meet all current Chinese demand for beans, but the recent evidence suggests China is actively avoiding the purchase of US beans for now in a move that does not follow the typical pattern.

US corn futures opened higher this morning. Unlike beans, US corn futures are seeing some support to start the week. Harvest pace numbers will likely impact the market sentiment less-so than beans observing the corn harvest is further along than the 5-year average as of last week. However, traders are still expecting to see a notable increase in the pace of harvest week over week. There are thoughts that the market is oversold from a technical standpoint (rationalizing this morning's move higher) but an increase in harvest pace combined with poor export numbers will likely keep the upside in check. While sales have been recently poor, physical movements up to August have been quite good and indicate no slowdown.

US Slaughter	
2.569 mil.	Last Week
2.515 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$57.55
National	\$65.98
Iowa/S. MN.	\$57.93
ML Signature 5	\$145.89
HyLife (prev. day)	\$151.84
TCP/BP2	\$145.89
BoC Rate (Noon) prev. day \$1.3108 CAD / \$0.7629 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	153.68/69.71
TCP/BP2 Moose Jaw/Langley	151.07/68.52
2018 Top-Up Estimate	
\$5.62 ckg (call for details)	
ISO Weans	\$39.31 US Avg.
Feeder Pigs	\$39.55 US Avg.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			129.23 132.94	129.84 146.72	150.02 153.33	151.39 156.94	158.41 165.72	167.32 179.46	177.86 190.70	184.38 186.89	180.10 185.91
Soymeal Wpg/S.Man	437	437	437	445	446	446					

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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