



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 30 2018

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

www.hamsmarketing.ca

Hog Prices: ↑↓ Soymeal: ←→

Corn: ↓ CDN Dollar: ↓

Forward contract prices opened mixed this morning. US cash markets traded firm with both negotiated and formula-based prices finding support to start the week. The pork carcass cut-out also moved higher as the pork belly primal gained about \$4.00 USD/cwt from last week, while at the same time, ham values struggled to break from near the lowest prices seen since May. With high production of pork (as well as chicken and beef), retail prices have been trading close to 4% lower than year ago levels and contributing to weaker retail margins. However, the near-term outlook has made significant improvements. The December lean hog futures contract has appreciated about 10% of its value over the last ten days which has improved forward contract prices in this timeframe by about \$12 CAD/kg. The prospect of 2019 forward prices improving over the next several weeks looks good and most contracts have recently pushed into new contract highs as the possibility of a short supply in China (due to losses from African Swine Fever) continues to influence the market. Producers can likely set aggressive targets in this uncertain timeframe as the near-term down side risk appears limited.

Canadian delivered soymeal prices opened even this morning.

US soybean futures are pushing lower on mounting concerns over export movements and a rapid harvest pace last week. As expected, harvest pace was brisk over the last week following inclement weather that saw rain and snow grind activity to a halt in some regions about two weeks ago. While the numbers still came in lower than the averages, farmers progressed 19% over the last reporting timeframe to bring the national average to 72%. This represents a pace that is slightly higher than the 70% progress expected even though the five-year average comes in at 81% for this time of year. There are anecdotal quality issues surfacing that remain to be quantified (and could be supportive) but President Trump's threat to impose tariffs on all remaining Chinese goods is adding a bearish tone to the market especially as there is preliminary talk the Chinese government is already taking steps to reduce reliance on US beans.

US corn futures opened lower this morning. Pressure in the US corn futures trade is likewise attributed to some harvest pressure this morning although, also like beans, the export pace is somewhat a concern recently. Completely unlike beans, however, harvest pace is completely in line with the five-year average and is not suffering from the same setbacks seen in the corn harvest. Last week's pace came in at 63% against an expectation of 64% (five-year average is 63%). And while export volumes have been good at least until August of this year (the last month of available official numbers), recent net sales (a proxy for commitments) have fallen very short of sales activity for this time of year.

US Slaughter	
474,000	Monday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.36
National	\$65.32
Iowa/S. MN.	\$58.41
ML Signature 5	\$146.22
HyLife (prev. day)	\$150.70
TCP/BP2	\$146.22
BoC Rate (Noon) prev. day	
\$1.3119 CAD / \$0.7623 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			130.27 133.98	129.78 146.66	149.97 153.27	151.57 157.12	158.70 166.01	167.33 179.48	177.88 190.74	184.55 187.07	179.77 185.59
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 - Meeting TODAY 12PM

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

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