



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 31 2018

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

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

US Slaughter	
465,000	Tuesday
463,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.61
National	\$65.84
Iowa/S. MN.	\$58.63
ML Signature 5	\$147.28
HyLife (prev. day)	\$152.02
TCP/BP2	\$147.28
BoC Rate (Noon) prev. day	
\$1.3133 CAD / \$0.7644 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 contract prices opened higher this morning. US negotiated and formula cash markets are seeing a firmer trend to start this week as packers still have strong incentives to grow their production levels. Wholesale pork prices have maintained the pork cut-out near \$78 USD/cwt despite the recent weakness in pork bellies. However, the belly primal is still trading more than 40% higher than it was at this time last year, and along with the pork butt primal, they are the only primal cuts that are higher than year ago levels. After hitting new contract highs last week, the spring and summer month lean hog futures contracts have held steady, trading in a tight range of about \$0.50/cwt, with support coming from additional reports of African Swine Fever in China. Also announced yesterday, by the US Ag Secretary Sonny Perdue, was a second round of payments to US farmers to compensate them for lower prices caused by trade disruptions with China, Canada, and Mexico. US hog farmers were told they can expect another payment of \$8.00/head on 50% of their 2018 production through the Market Facilitation Program (MFP). These payments do not directly impact cash or futures hog prices but do represent a significant advantage realized by US farmers over Canadian farmers.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are lower as the market continues to harbour a bearish tone. Net sales continue to be weak despite some positive sales commitments further out. Notably absent from the forward-looking data is China which typically re-enters the market at this time of year. Export movement data for the month of September (volumes actually shipped) have not yet been released by the USDA yet, but when they are, the results could be a hint of things to come. On that note, there are reports surfacing that Chinese officials have approved lower protein content levels in swine feed by 1.5% which could lead to a reduction in demand for beans by approximately 14 MMT. That brings China to about half of the volume reduction needed if it wants to avoid using US grown beans altogether which a significant step and a not-so-subtle hint.

US corn futures opened lower this morning. Nearby US corn futures are trading in the middle of the range that was established between July and August, but still are considered low by relative standards. Harvest is reflecting a fairly typical pace despite some set backs due to weather two weeks ago. The Global Forecast System (GFS) model is calling for more wet and snowy weather near the 5th of November so harvest activity approaching that time is expected to be brisk. Every so often, articles in the ag press appear 'reminding' readers that a global drawdown in corn stocks worldwide is expected next year.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			131.14 134.86	130.70 147.60	150.91 154.22	152.04 157.60	159.07 166.38	167.52 179.67	178.07 190.93	185.21 187.73	180.61 186.44
Soymeal Wpg/S.Man	431	431	431	438	440	440					

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h@ms 2018 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Starbuck, MB	Thursday, Nov. 1st – 2:00 PM	Starbuck Community Hall - 25 Main Street
Strathmore, AB	Wednesday, Nov. 7th - 12:00 Noon	Travelodge - 350 Ridge Road