Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 01 2018

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

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

US Slaughter	
477,000	Wednesday
462,000	Year Ago
Daily Prices	
W. Corn Belt	$58.35
National	$65.71
Iowa/S. MN.	$58.32
ML Signature 5	$146.92
HyLife (prev. day)	$151.88
TCP/BP2	$146.92

BoC Rate (Noon) prev. day
$1.3142 CAD / $0.7609 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 lower this morning. *US negotiated cash markets were lower in yesterday's trade as hog supply is approaching peak levels and packers are already operating near daily weekday capacity. Formula-based prices in the US have been under modest pressure over the last week but may see a decisive turn lower after yesterday's pork carcass cut-out move. Yesterday, a sharp decline of $5.00 USD/cwt in pork belly prices, as well as a $2.00/cwt drop in ham values, resulted in a $1.60/cwt decline to the overall cut-out value. This takes the benchmark pork price to its lowest level since mid-September and represents a significant change in the pork price trend. With estimated packer operating margins running near $25 USD/hog, packers are still profitable, but they are near a threshold where they may push back by significantly dropping their bids for uncommitted hogs. Lean hog futures are reflecting the weaker pork prices (and changes in the recent cash market trend) with the nearby contracts losing more than $2.00 USD/cwt over the last two days. Producers interested in starting to secure hog price revenue for next spring/summer can set targets at $10 CAD/ckg higher than current forward prices on 20% of their intended production.*

Canadian delivered soymeal prices opened higher this morning. *The US export sales report released earlier this morning suggests soybean sales in the global marketplace may have some strong headwinds. Net sales of 395,800 MT were realized over the last reporting session, and while they were higher than the previous week, they are well-off the pace seen normally at this time of year. Typically, the market sees 1 MMT of weekly sales (and often closer to 2 MMT) during the month of October as China 're-enters' the market. This morning, over 500,000 MT in 'reductions' to unknown destinations were recorded (which most assume is China) with an additional 62,000 MT actually attributed to China. Rumors are that Argentina is picking up the slack (which may be true to a degree), but the cumulative sales pace is 62% lower compared to year-ago.*

US corn futures opened mixed this morning. *Net export sales for US corn came in at 349,400 MT against a pre-report expectation suggesting between 500,000 MT and 850,000 MT were possible. It is important to note that the US corn market is not suffering from the same export challenges as beans, and the cumulative sales pace is in fact 76% higher than year-ago. Sales, however, can be rerouted or cancelled, so sales data by itself can only be used as a proxy for export flow. Regardless, actual volumes of corn shipped (most recent data to August) shows US corn is not having the same challenges as the bean trade and that they are currently in line with year-to-date volumes in other years, albeit, in a slight downward trend since April.*

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		128.76 132.46	126.84 143.67	146.96 150.26	149.08 154.61	156.12 163.41	164.89 176.99	175.40 188.21	182.92 185.43	178.34 184.14
Soymeal Wpg/S.Man	439	439	446	448	448	452				

h@ms 2018 Fall Marketing Meeting Schedule

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