

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 02 2018

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

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Hog Prices: ↓↑ Soymeal: ↑

Corn: ↓ CDN Dollar: ↑↓

US Slaughter	
475,000	Thursday
458,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.74
National	\$65.76
Iowa/S. MN.	\$58.83
ML Signature 5	\$146.84
HyLife (prev. day)	\$152.10
TCP/BP2	\$146.84
BoC Rate (Noon) prev. day	
\$1.3088 CAD / \$0.7641 USD	
Cash Prices Week Ending November 3, 2018	
Signature 3	140.24/63.61
Signature 4	153.03/69.41
Signature 5 Brandon	146.63/66.51
h@ms Cash	145.13/65.83
HyLife	N/A
TCP/BP2 Moose Jaw/Langley	147.16/66.75
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 mixed this morning. US negotiated and formula-based cash markets sunk lower this week, pressured by abundant supplies, but mostly due to declines in wholesale pork prices. The pork carcass cut-out lost approximately \$2.00 USD/cwt of value since the start of the week with most of the price pressure coming from weaker belly and loin prices. With the weekly slaughter expected to average nearly 2.6 million hogs over the next month, wholesale pork prices are unlikely to see any significant rallies at these record large production levels. The December lean hog futures reflect the large supply as they are currently trading at a discount of approximately \$6.00 USD/cwt (or 10%) from the current cash index price. Spring and summer month contracts traded near contract highs for most of this week but have struggled to breakout higher as traders wait for more information on the spread of African Swine Fever in China. Producers can start to set targets on their spring/summer production at \$10 CAD/kg higher than current forward prices which would secure a price of better than \$200 per hog in the summer timeframe in many weeks.

Canadian delivered soymeal prices opened higher this morning. Despite the physical and anecdotal evidence that suggests the soybean complex has some serious headwinds to deal with, markets moved higher yesterday following a tweet (!) from President Trump suggesting he and Chinese President Xi had a "long and very good" conversation. While traders are massively speculating at what this could mean, there are just as many contrarians in not-so-hidden corners of the social media universe suggesting the tweet is just an attempt to rally the Trump base before the mid-term elections. Like it or not, a tweet from the President of the United States has the power to move markets and more than one analyst has pointed that out in this case. There was also a follow-up story reporting that Trump has asked officials to draw up a 'possible' (!) trade deal with China. In the meantime, exports (sales and movements) remain very poor compared to previous years and ending stocks estimates are at record highs.

US corn futures opened lower this morning. US corn futures, on the other hand, continue to see pressure as harvest progresses in North America and planting progresses in South America. A relatively high US Dollar is also leading some to suggest the USA is presently losing its competitive edge in the global marketplace. Those making this claim point to the very poor export sales report yesterday which showed that US corn saw a 50% drop in net sales compared to the previous four weeks and are also poor in a seasonal context. Japan, S. Korea, Vietnam cancelled shipments last week, likely on, refreshingly, pricing issues as opposed to geopolitical ones. While US corn is not facing the same tariff pressure as beans, the commodity has its own issues to deal with.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		126.16 129.87	124.78 141.65	144.95 148.25	149.15 154.69	155.96 163.25	166.66 178.78	177.18 190.00	185.22 187.74	180.87 186.68
Soymeal Wpg/S.Man	442	442	449	452	452	457				

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h@ms 2018 Fall Marketing Meeting Schedule

Last Meeting Until Spring 2019 Will Take Place Next Week!

Strathmore, AB - Wednesday, Nov. 7th - 12:00 Noon - Travelodge - 350 Ridge Road