



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 5 2018

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

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

US Slaughter	
2.593 mil.	Last Week
2.443 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$57.82
National	\$65.51
Iowa/S. MN.	\$58.02
ML Signature 5	\$145.63
HyLife (prev. day)	\$150.89
TCP/BP2	\$145.63
<b>BoC Rate (Noon) prev. day</b>	
\$1.3105 CAD / \$0.7631 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	151.52/68.73
TCP/BP2 Moose Jaw/Langley	147.16/66.75
2018 Top-Up Estimate	
\$5.62 ckg (call for details)	
ISO Weans \$40.58 US Avg.	
Feeder Pigs \$40.48 US Avg.	

**Forward contract prices opened mostly lower this morning.** US cash markets, both negotiated and formula-based, finished last week down from the previous week amid pressure from supplies. The USDA estimated last week's slaughter at just short of 2.6 million hogs, and with carcass weights averaging more than 211 lbs., the week's total pork production came in at a record-large 560 million lbs. Pressure on wholesale pork prices has been building; the pork carcass cut-out was down approximately \$2.50 USD/cwt with weakness centered on the loin and belly primal cuts. News over the weekend from China had another case of African Swine Fever reported in the Southern province of Hunan where pork consumption tends to be higher. Related to the ongoing spread of the disease in China was a report of sausage that tested positive for the disease after it was found on a ferry bound for Taiwan. The products were reportedly produced by one of China's top processors (Shuanghui) which suggests that the spread of the disease is well beyond the 50 cases that have been reported by Chinese officials. Forward contract prices for the spring/summer timeframe are trading near the highest levels that they have traded since their initial offering, but they have backed off from the highs seen at the beginning of today's session.

**Canadian delivered soymeal prices opened even this morning.** US soybean futures are trading higher this morning and markets could be a bit jittery this week as there are several factors in play. It is generally accepted that 'new money' enters the market at the beginning of the month, and while today is already the 5<sup>th</sup>, it is also the first Monday in November. The November WASDE report will be released on Thursday, November 8<sup>th</sup> and some pre-report positioning is expected over the next three and a half days. There is talk already that the USDA is expecting farmers to reduce soybean acres next year. This development, if true, will likely be supported by ideas that the Chinese market is not a sure thing for US soybean farmers anymore and there are already ideas that the ongoing trade war has damaged the US soybean market for many years to come.

**US corn futures opened higher this morning.** Adding to this week's market 'jitters' is the upcoming mid-term elections that take place on Tuesday; the markets will subsequently react (if the even do) on Wednesday. US corn futures (and beans to a degree), arguably, have relatively little at stake in this election. However, the subsequent moving of capital post-election (if it does happen) could impact the corn (and bean) market peripherally. In any event, most economists generally agree that the current business cycle is nearing the end of its expansion phase, so regardless of who wins, the following contraction (if any) will likely be blamed on tomorrow's election results, by either side, no matter who wins. In the meantime, US corn futures are trading higher this morning.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		126.41 126.01	123.11 139.94	143.23 146.53	147.77 153.19	154.89 162.18	166.42 178.54	176.94 189.77	184.89 187.41	180.43 186.23
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 This Week!**

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