

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 7 2018

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

www.hamsmarketing.ca

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

US Slaughter	
477,000	Tuesday
456,000	Year Ago
Daily Prices	
W. Corn Belt	\$55.67
National	\$65.57
Iowa/S. MN.	\$55.67
ML Signature 5	\$143.40
HyLife (prev. day)	\$151.13
TCP/BP2	\$143.40
BoC Rate (Noon) prev. day \$1.3130 CAD / \$0.7616 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 lower this morning. US negotiated and formula hog prices are moving lower, pressured by an abundant supply of hogs that are hitting the open market. The USDA is reporting the daily slaughter levels at 477,000 hogs for each of the last two days which is considered full daily production. Wholesale pork prices moved about \$0.80 USD/cwt lower with pork bellies losing more than \$4.00/cwt while all other cuts were holding close to steady amid a heavy volume of trade. With the pork bellies moving lower, and this being the only cut that has been trading significantly higher than year ago levels, the drop may have triggered the sharp losses seen in lean hog futures yesterday. All offered contracts saw declines of more than \$2.00 USD/cwt as it was reported that some of the large hedge funds were exiting their long positions. The winter month contracts are at risk of even further declines as there are legitimate concerns over demand, especially in export destinations. Pork sales volumes were down 9% in September while its value was down 26% from year ago levels. It is unclear how yesterday's US Mid-term election results (where Democrats took back the House of Representatives) will impact the US steel and aluminum tariffs which caused Mexico to place a 20% tariff on US pork. However, the regime change in the House could provide the necessary 'cover' for the Senate and the President to essentially agree to a potential Democrat-led initiative, sometime in the future, to remove the hurtful tariffs with very little political repercussion.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower ahead of tomorrow's WASDE report which is expected to show lower yields, yet higher ending stocks numbers compared to the October estimates. The market is looking for 52.9 bpa in yield and 898 million bu. in ending stocks on average compared to 53.1 bpa and 885 million bu. in the October report. Yield is expected to come in lower following inclement weather that may have damaged some of the bean crop. However, ending stocks are expected to creep upwards on recent data suggesting China is shunning US beans at all costs due to the ongoing trade dispute with China that most consider an all-out war at this point.

US corn futures opened lower this morning. US corn is drifting lower ahead of the November WASDE report that many consider to be pre-report positioning rather than any change in the fundamentals. The market is looking for a 180 bpa yield which is slightly lower than the 180.7 bpa seen in October. Ending stocks are expected to come in at 1.733 billion bu. on average against a range of 1.688 and 1.841 billion bu. and is notably lower than the 1.813 billion bu. seen in the October report. Ethanol numbers will be released later today and a 'business as usual' tone in the US corn marketplace overall is supporting the earlier idea that a drawdown in stocks could take place over the next marketing year.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		121.39 124.15	117.78 134.61	137.90 141.20	142.68 148.21	149.83 157.12	162.95 175.06	173.46 186.28	182.78 185.31	179.08 184.91
Soymeal Wpg/S.Man	436	436	443	446	446	451				

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h@ms 2018 Fall Marketing Meeting Schedule

Last Meeting for 2018 Takes Place TODAY!

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