



Hog Margin Outlook

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Monday, November 19 2018

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

US Slaughter	
2.626 mil.	Last Week
2.476 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$51.17
National	\$61.08
Iowa/S. MN.	\$51.24
ML Signature 5	\$132.99
HyLife (prev. day)	\$141.92
TCP/BP2	\$132.99
BoC Rate (Noon) prev. day	
\$1.3154 CAD / \$0.7602 USD	
Cash Prices Week Ending November 17, 2018	
Signature 3	124.35/56.40
Signature 4	147.10/66.72
Signature 5 Brandon	135.72/61.56
h@ms Cash	134.22/60.88
HyLife	144.48/65.54
TCP/BP2	142.56/64.66
Moose Jaw/Langley	
2018 Top-Up Estimate	
\$5.84 ckg (call for details)	
ISO Weans \$42.62 US Avg.	
Feeder Pigs \$47.32 US Avg.	

Forward contract prices opened mostly higher this morning.

US cash markets are expected to come under some pressure this week with US packers cutting their weekly production by one day as the US celebrates Thanksgiving on Thursday. Last week's hog slaughter was estimated at 2.626 million hogs which is a new record for the industry and approximately 6% larger than year ago levels. However, producers are current with their marketings and the weakness in cash prices is expected primarily from the relatively small volume of hogs sold on a negotiated price. Over the weekend, China confirmed a few new cases of African Swine Fever, one of which that was reportedly found in a wild boar. This news adds to the narrative that the disease is still out of control in China and would generally be supportive to North American hog prices. However, Friday's 'limit up' gains on the nearby lean hog futures contracts (responding to the ASF discovery in Sichuan province) is also a factor in today's trade. There remains a large question regarding if/when/how the disease outbreak will translate into higher exports (and subsequently, prices) for North American hog producers.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are down double digits to start the weekly session. Later today, the USDA's Crop Progress report will be published, and the market is looking for progress to come in around 93% complete compared to the 88% seen last week and a 96% five-year average. There is ongoing talk that export markets are anemic and coupled with massive speculation (and almost zero consensus) regarding the ongoing China/USA trade development/talks, there is a lot of uncertainty and pressure being created. As such, there is a very strong 'risk off' sentiment in the marketplace until some certainty returns to it on the China/US trade front.

US corn futures opened lower this morning. US corn futures are following beans lower to start the week. Export flows remain largely normal and are essentially unaffected by the China/US trade rift. Mexico, the US's largest customer of corn, has so far remained the #1 buyer even though a frosty trade relationship remains (there is resentment that the US steel and aluminum tariffs have not been removed). In the meantime, the market is expecting to see 91% of the crop harvested in today's Crop Progress report (released later today) against last week's 89% benchmark. The five-year average for this time of year is 93% complete.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TCP/BP2		131.73 135.95	138.37 147.39	148.26 154.34	155.09 159.47	160.61 165.15	169.79 184.50	185.94 197.14	189.00 193.56	148.08 196.75	147.20 153.60	147.15 150.46
Soymeal FOB Lngm	n/a											

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Forward contracting will be closed

Thursday, November 22 due to the US Thanksgiving holiday.

Forward contracting will also be **closed one hour early** on Friday, November 23.

The main office is unaffected and will remain open as normal.