



Hog Margin Outlook

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Tuesday, November 20 2018

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

Forward contract prices opened higher this morning. US cash markets were mixed with the ISM and WCB reporting regions coming in over \$1.00 USD/cwt higher while the National region was \$0.48 USD/cwt lower than the previous day. Some mixed messages in the marketplace are likely behind the inconsistency observing there has normally been consistent pressure at this time of year over the past three years. Large slaughter numbers and increased weights are pressuring while data from the USDA's Mandatory Price Reporting (MPR) system showing excellent ham and trim sales are supportive in the short terms. On the other hand, lean hog futures have moved decisively higher over the past week on ongoing ASF concerns and the positive export data. Resulting forward contract values in Canadian dollars have subsequently improved over the past week and a half despite not yet mirroring the average trend. However, there are thoughts the current ASF threat (as it is currently known) is close to, if not already, priced in and while there is no consensus on this idea, some market watchers are looking for a near term 'top'. Lean hog futures have moved lower this morning, lending some credence to this idea as the fundamentals have not changed drastically since yesterday (or last Friday, for that matter, which saw limit-up moves in some contract months).

Canadian delivered soymeal prices opened higher this morning. After seeing some pressure, in part, related to ongoing China/USA trade issues, US soybean (and meal) futures have turned around this morning and are trading higher at the open. On that note, the 'news' regarding China/USA trading relations depends on which news feed one reads or which official statement one believes. In sum, the information on this front is speculative at best and likely one of the reasons for a general risk off sentiment in the marketplace recently. Crop Progress report numbers released after trading yesterday showed the crop at 91% completed against 88% last week, and 96% last year which is also the five-year average.

US corn futures opened lower this morning. US corn futures remain under pressure as the fundamental picture has not drastically changed. Of note, US corn is not in the same situation as beans on either the harvest or tariff fronts. The US corn harvest is progressing rather normally, and yesterday's Crop Progress report showed the numbers for last week at 90% complete compared to 84% last week, 90% last year and a 93% five-year average.

US Slaughter	
479,000	Monday
461,000	Year Ago
Daily Prices	
W. Corn Belt	\$52.21
National	\$60.60
Iowa/S. MN.	\$52.41
ML Signature 5	\$133.97
HyLife (prev. day)	\$140.29
TCP/BP2	\$133.97
BoC Rate (Noon) prev. day	
\$1.3182 CAD / \$0.7586 USD	
Cash Prices Week Ending November 17, 2018	
Signature 3	124.35/56.40
Signature 4	147.10/66.72
Signature 5	135.72/61.56
Brandon	
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 Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TCP/BP2		131.94 137.52	139.95 149.02	149.90 156.01	157.66 160.92	162.07 166.17	170.84 186.77	188.22 199.50	191.02 195.26	149.15 198.47	148.26 1553.75	147.30 150.61
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.