



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

Hog Margin Outlook

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Wednesday, November 21 2018

Forward contract prices opened mixed this morning. US cash markets are moving in a decisively lower trend with both negotiated and formula-based prices experiencing losses of about \$1.00 USD/cwt per day so far this week. Widespread weakness in wholesale pork caused the carcass cut-out to drop more than \$3.00USD /cwt (or about 4.5%) in yesterday's trade. Pork loins have dropped to their lowest level in two years while pork bellies have experienced a loss of 10% in yesterday's trade. Heavy supplies will continue to put pressure on cash and nearby lean hog futures as US pork production continues to push into new record-large levels and merchandisers look for new channels to clear the market. While the spread of African Swine Fever in China has the potential to increase their imports if losses become significant, it remains unclear how North American prices would benefit, especially given the current 78% tariff that China has placed on US pork. Producers should use this week's forward price gains as an opportunity to secure profitable prices on 10-20% of their production in the first six months of 2019.

Special note: Markets are closed tomorrow (Thursday, November 22) for US Thanksgiving and forward contracting will not be available.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading lower on the last full day of trading before the US Thanksgiving break. Markets will be completely closed tomorrow (Thursday) and the Friday session will be closed one hour early. In the meantime, there is not much news to move the market in any direction even though there were rumors that if (IF!) China and the US could come to an initial agreement, China buyers could purchase between 5 MMT and 8 MMT of beans. The likelihood of that is under question, however, and the market has so far shrugged off the speculation. Wherever the markets land today remains to be seen, but there is still a 'risk off' tone keeping pressure on the trade before markets are closed tomorrow. Friday's trade is expected to be light as many traders typically also take Friday off for an extended long weekend.

US corn futures opened lower this morning. US corn futures are following beans lower as there is not really any bullish news on the horizon. The nearby contract remains at the lower end of the recent range that was established in early October and there is a least one analytics firm suggesting that the price of US corn seems a bit too cheap. Technically speaking, the December contract is flirting with support levels which, if reached, could provide the necessary rationale for a move higher if the right fundamental news develops. Export numbers will not be released tomorrow like usual as all trading and reporting agencies will be closed for the US Thanksgiving holiday.

US Slaughter	
479,000	Tuesday
462,000	Year Ago
Daily Prices	
W. Corn Belt	\$51.41
National	\$60.81
Iowa/S. MN.	\$51.44
ML Signature 5	\$134.03
HyLife (prev. day)	\$141.09
TCP/BP2	\$134.03
BoC Rate (Noon) prev. day	
\$1.3259 CAD / \$0.7542 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		129.32 134.78	137.21 146.30	148.45 153.30	158.56 159.81	160.96 164.80	169.47 188.18	189.64 200.92	192.10 196.54	150.78 199.75	149.90 156.51	150.00 153.34
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.