

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 1, 2019

For details call: (204)235-2237 or visit
www.hamsmarketing.ca

US Slaughter

489,000 Monday
450,000 Year Ago

Daily Prices

Iowa/S. MN. \$49.93
W. Corn Belt \$49.91
National \$60.33

ML Signature 5 \$131.49
HyLife (prev. day) \$140.68
TCP/BP2 \$131.49
BP4/TCP4 \$141.82

BoC Rate (Noon) prev. day
\$1.3243 CAD / \$0.7551 USD

Cash Prices Week Ending September 28, 2019

Signature 3 114.50/51.94
Signature 4 139.33/63.20
Signature 5 126.91/57.57
h@ms Cash 137.33/62.29
HyLife 138.40/62.78
TCP/BP2 127.28/57.73
BP4/TCP4 143.97/65.30

Cumulative Top-Up Estimate
\$4.36 CAD/ckg

ISO Weans \$33.55 US Avg.
Feeder Pigs \$43.66 US Avg.

Forward contract prices opened mixed this morning. US cash markets are up with all regions coming in higher relative to the previous day. ISM and WCB are \$0.82 and \$1.07 stronger, respectively, while the National region is up by a more modest \$0.36 USD/cwt. If the trend holds, cash markets could be in the early stages of their seasonal recovery from the autumn lows that develop, on average, in the first week of October. The daily pork cut out value is starting to turn higher after hitting weekly lows two weeks ago. To be sure, the value of the carcass is still amid historical marketing week lows, but incremental increases in value have been the net result in recent days. Lean hog futures continue to trade within the 'new' range that started to develop after the last positive trade news regarding Japan and the USA reaching and agreement in principle on a trade deal. Yesterday the market saw gains over the course of the session but this morning, futures have backed off after bumping against recently established resistance levels. The market will likely struggle to make gains outside of the upper range following the bearish quarterly Hogs and Pigs report that was published on Friday and in the absence of any new development. On that note, news regarding the China/USA trade progress will likely have to wait until late next week. There is no consistency on the date of the October meeting between high-level trade representatives with some stating it will come after 'Golden Week' celebrated in China this week (i.e. implying as early as the 7th or 8th) while others have stated October 10 and 11 as more firm dates. A date as late as October 12 has also been suggested. Regardless of the dates of the meeting, most market participants are bracing for more volatility next week especially if rumors on success (or lack thereof) trickle out ahead of any official announcement and almost certainly after the fact.

Canadian delivered soymeal prices opened higher this morning. Yesterday's quarterly Grain Stocks report showed a surprising reduction in bean stocks that came in at 913 million bu. against a market pre-report expectation of 982 million bu. Markets moved swiftly higher by double-digits when the report was released mid-trade and continue the momentum upward this morning, albeit by a lower trajectory. More news from Brazil is suggesting a late planting pace, providing support.

US corn futures opened higher this morning. The Quarterly Grain Stocks report posted by the USDA on September 30th shows total corn stocks at 2.114 billion bushels for September 1st which is about a 1.2% decrease from last year's September report and 314 million bu. lower than the average pre-report expectation which was supportive to the trade. As of Sunday, 43% of US corn has reached maturity, tied for the slowest year on record with 2009. However, it is still early in the season to start drawing yield conclusions just yet.

Forward Range
(at opening)

Maple Leaf
Sig. #5

Soymeal
Delivered Wpg/S.Man

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

Jun

156.12
162.74

156.28
157.91

157.12
167.59

169.07
174.59

175.48
177.46

180.93
185.52

182.65
193.88

198.71
208.63

454

465

465

464

469

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

follow us @hamsmarketing


STRENGTH IN NUMBERS

