

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 2, 2019

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

US Slaughter	
490,000	Tuesday
476,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$49.63
W. Corn Belt	\$49.55
National	\$61.88
ML Signature 5	\$132.87
HyLife (prev. day)	\$144.22
TCP/BP2	\$132.87
BP4/TCP4	\$145.46
BoC Rate (Noon) prev. day \$1.3244 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 mixed mid-week with ISM and WCB regions down by about \$0.30 USD/cwt while the National region was up by \$1.55. The inconsistency between regions suggests cash markets are not yet in agreement on the next move but the observed trend (so far) suggests seasonal recovery may be in the works. Based on the trend this week only, National's low was reached last week while the WCB low materialized one week earlier. Of course, this all assumes current trends hold and strength returns to cash. There are indications from some of the daily cut out reports suggesting various hams have seen an uptick in recent demand along with massive speculation that it is Chinese buyers behind the purchases. The weekly reports have yet to capture this development, however, because, among other things, the weekly export report does not capture all customs 'HS' codes. If China, or Mexico or any other export market is behind the recent ham demand, it likely won't be revealed, conclusively, until the monthly report that is on a two-month lag. Lean hog futures are on a bit of a recovery this morning after seeing the front month contracts approach limit low levels once again at yesterday's close. Profit taking and technical repositioning has been cited for yesterday's move while the market remains bound within a range that was established near the middle of September. The bearish quarterly Hogs and Pigs report did not really pressure the market despite record high numbers implying record high pork production to come as many in the trade still expect large China purchases to alleviate the 'extra' production expected. While this may be true and even likely to a certain extent, China has yet to substantively show up on any report needed to quantify the claims. Tomorrow's weekly Export Sales report, despite the limitations noted above, will be closely watched for clues that some of these rumors have materialized in the muscle cuts monitored. In the meantime, the market is in a wait and see pattern and very much sensitive to news headlines, rumors, and hope.

Canadian delivered soymeal prices opened higher this morning. A large, private commodities trading firm has released expectations on yield which is coming in 0.2 bpa lower to 48.1 bpa from their previous 48.3 bpa estimate. This compares with the USDA's September WASDE estimate of 47.9 bpa. The threat of frost remains concerning for this late planted crop so any yield estimates could be thrown off quite quickly if a damaging frost materializes.

US corn futures opened lower this morning. Yesterday, FC Stone estimated US corn yield at 169.3 bpa which puts total production to 13.887 billion bushels, up from their previous estimate of 13.809 billion bushels released on September 4th. Recently, negative margins, trade issues, and blending waivers have been an issue for ethanol producers. Weekly ethanol production will be posted later this morning which should give us a better view of the current US ethanol market.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		155.99 162.62	156.15 157.78	157.94 168.43	169.92 175.49	176.38 178.37	181.65 186.24	183.13 194.37	199.20 209.13
Soymeal Delivered Wpg/S.Man	461	470	470	470	475				

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