

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 3, 2019

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

US Slaughter	
489,000	Wednesday
472,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$51.25
W. Corn Belt	\$50.98
National	\$61.20
ML Signature 5	\$134.32
HyLife (prev. day)	\$142.66
TCP/BP2	\$134.32
BP4/TCP4	\$144.42
BoC Rate (Noon) prev. day \$1.3294 CAD / \$0.7522 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 once again mixed with all regions reversing relative to the previous day. ISM and WCB were approximately \$1.50 USD/cwt higher, after being lower yesterday, while the National region also changed course and came in \$0.68 lower. Despite some of the daily, regional reversals, cash markets, generally, have mounted a recovery and maintain a seasonal tack higher in an early observable trend as cash markets typically show some signs of recovery in the autumn after falling from summer highs usually seen in the June/July/August timeframe. Supplies will remain ample and the quarterly Hogs and Pigs report supports this thought as almost all categories came in at record numbers in the September report released last week. Cash markets will likely, then, struggle to make gains in the absence of a clear demand development that has so far failed to materialize substantially on the ASF-related front. Lean hog futures turned immediately lower this morning as China has once again failed to show up significantly on this morning's weekly export sales report. Net sales remain within the recent trend with all markets netting 31,000 MT for week ending September 26. However, this was 4% lower than the previous week's volume and China was notably absent from committing to any pork (this week) for the 2019 year. This is somewhat surprising and does not support the idea that China bought 100,000 MT last week which was widely being circulated in the ag press; if they did buy that volume, some (and/or a portion of it) should have shown up in this week's report. Of course, the weekly report does not capture all customs HS codes, so products like split carcasses, for example, would not be recorded on the weekly. It would be wise to consider this peculiarity within the current context, but the weekly report has so far been a disappointment with regards to China. China did, however, commit to 3,500 MT of muscle cuts for 2020 and physically took possession of 6,000 MT from previous commitments. Regardless, much more volume than that will be needed before strong support returns to either cash or futures markets.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are higher in the early morning trade following the weekly export sales report showing net sales of 2.076 MMT were made for week ending September 26. The number represents a 100+% increase compared to last week with China taking 1.577 MMT of the commitments. The move represents a relatively large jump from the previous week but is entirely in line with historical patterns at this time of year. The weekly export volume, however, has yet to increase substantially and will be a closely watched metric as the market heads into what is typically a busy time for shipping loads in the coming weeks.

US corn futures opened lower this morning. This week's export sales report showed corn exports at 458,330 which is on the lower end of expectations but about 64% higher than last week's report. Yesterday's ethanol production report showed an increase from last week by about 1.5% to 958,000 barrels per week. While not a massive increase from last week, ethanol production uses about one third of the US corn crop annually, so the sector is closely watched.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		150.78 157.43	150.94 152.58	155.67 166.19	167.67 175.60	176.49 178.48	182.04 186.65	185.23 196.52	201.38 211.35
Soymeal Delivered Wpg/S.Man	466	468	469	473	474				

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