

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 4, 2019

For details call: (204)235-2237 or visit

www.hamsmarketing.ca

US Slaughter

489,000 Thursday
462,000 Year Ago

Daily Prices

Iowa/S. MN. \$50.86
W. Corn Belt \$50.77
National \$62.46

ML Signature 5 \$135.91
HyLife (prev. day) \$146.13
TCP/BP2 \$135.91
BP4/TCP4 \$147.77

BoC Rate (Noon) prev. day
\$1.3330 CAD / \$0.7502 USD

Cash Prices Week Ending October 5, 2019

Signature 3 121.68/55.19
Signature 4 144.10/65.36
Signature 5 132.89/60.28
h@ms Cash 142.10/64.46
HyLife NA
TCP/BP2 126.91/57.57
BP4/TCP4 139.33/63.20

Cumulative Top-Up Estimate
\$4.54 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 to finish the week but despite the daily, regional seesawing witnessed this week, cash markets are so far mounting a net recovery. Weekly average base prices climbed \$2.00 USD/cwt in the National region compared to the previous week while the WCB region was up \$2.93 higher representing a more sensitive response in the uncommitted hog trade. Cut-out values have improved somewhat and are bouncing off recent lows suggesting an uptick in demand, but packers, meanwhile are still estimated to be in a profitable position, especially following the seasonal lows witnessed over the past few weeks. So, while packers have a bit of headroom and are bidding somewhat higher recently, they are in no hurry to push up bids any further than they have to amid the massive supplies currently estimated by the USDA. A lack of export demand relative to expectations for this time of year will likely continue to keep cash moves upward in check. Lean hog futures continue to exhibit features of a pessimistic market and are trending lower as of this writing. To be sure, futures markets have lifted from the August and September lows but a lack of buying from China, highlighted in yesterday's weekly export sales report, is casting a pall over the trade. Modest 2020 commitments, 'average' physical deliveries, and *no new* sales for the 2019 marketing year into China is not what was expected following stories last week that China had purchased 100,000 MT of US pork; global pork exports were down 4% week over week. Of course, the weekly report does not capture all customs HS codes, so pork not captured by the weekly could have been purchased by China, but the futures market is so far not confident of that potential development. Next week will see a high-level Chinese delegation visit Washington DC for more trade talks with the USA. The meetings will be heavily scrutinized, and futures markets will likely be volatile on any news that trickles out leading up to and during the meetings. There is currently no consensus on the potential outcome.

Canadian delivered soymeal prices opened lower this morning. Following a couple days of support, US soybean futures are trading lower in the early morning trade on ideas that more favourable weather is moving into Argentina and private estimates on US crop production showing slightly elevated production estimates relative to USDA numbers. More news that China has purchased even more beans since the reporting timeframe for the weekly export sales report is keeping the downside in check. Next weeks China/USA trade meeting in Washington DC will be closely watched.

US corn futures opened lower this morning. President Trump's administration is expected to announce the details of a new biofuels policy later this morning which could contain market moving news. The pending deal is expected to include a discussion of biofuels blending quotas as well as consumer access to E15 gasoline. Domestic supply still awaits the results of a late crop while the relatively drier weather has the potential to speed up harvest.

Forward Range
(at opening)

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

Jun

Maple Leaf
Sig. #5

149.12

149.29

155.34

167.32

176.42

182.28

186.48

202.62

155.77

150.92

165.83

175.54

178.41

186.89

197.77

212.58

Soymeal
Delivered Wpg/S.Man

461

462

464

467

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.

h@ms 2019 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current, SK	Tuesday, Oct. 22nd - 12:00 Noon	Coast Swift Current Hotel - 905 North Service Road East
Starbuck, MB	Thursday, Oct. 24th - 2:00 PM	Starbuck Community Hall - 25 Main Street
Strathmore, AB	Wednesday, Oct. 30th - 12:00 Noon	Travelodge - 350 Ridge Road