

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 9, 2019

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

www.hamsmarketing.ca

US Slaughter

489,000 Tuesday

452,000 Year Ago

Daily Prices

Iowa/S. MN. \$52.45

W. Corn Belt \$52.41

National \$63.21

ML Signature 5 \$138.74

HyLife (prev. day) \$148.04

TCP/BP2 \$138.74

BP4/TCP4 \$149.49

BoC Rate (Noon) prev. day
\$1.3323 CAD / \$0.7506 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 143.81/65.23

TCP/BP2 126.91/57.57

BP4/TCP4 139.33/63.20

Cumulative Top-Up Estimate

\$4.54 CAD/ckg

ISO Weans \$31.16 US Avg.

Feeder Pigs \$42.78 US Avg.

Forward contract prices opened higher this morning. US cash markets regained strength yesterday with ISM, WCB and National regions up by \$2.39, \$2.42 and, \$1.47 USD/cwt, respectively. The move materialized despite a \$0.30 move lower in the pork cut-out and massive supplies that sees slaughter up 5.8% year over year and subsequent pork production coming in 6.4% higher than year-ago. Export meat prices, however, have been up relative to their identical domestic cuts suggesting that export demand is behind at least some of the recent strength. While export markets have been performing well relative to history, they simply have not met expectations which is likely keeping stronger price support in check. Lean hog futures remain volatile and gapped higher at the open this morning after witnessing the nearby contracts go into expanded limits higher yesterday. The previous day saw limit move lower but recall that expanded limits are applied in the next session *no matter which way the market moves*. The result is that Canadian forward contract prices can, in theory, move more than \$18.00 CAD/ckg if the market sees a limit move lower followed by an expanded limit higher in the next immediate session (or vice versa) not including moves in the Canadian dollar. Almost everyone in hogs and beans are eagerly awaiting news on the upcoming meeting between China and USA trade representatives in Washington, DC set to start tomorrow. However, Chinese officials have issued releases ahead of the meeting essentially stating that intellectual property issues and technology 'transfers' are not on the table for this round, preferring instead, to negotiate these more difficult 'structural' issues at a later date. If this is truly the case, an agreement in principle on a larger, all-encompassing deal (like the one reached with Japan earlier) is highly unlikely this week. The USA has, also ahead of the meetings, seemingly ramped up the escalation somewhat by blacklisting some Chinese companies due to human rights violations. Markets will likely remain volatile and witness unorthodox moves on massive speculation in the interim as many expect 'pork and beans' to be discussed even if structural issues are not.

Canadian delivered soymeal prices opened higher this morning.

Forecasts of snow and a WASDE report scheduled for release mid-trade tomorrow are some of the more recent events the market is watching. Forecast snow will likely be further supportive and the WASDE report could also provide support if the yields come in lower than last month's report as expected. The sum of the two events will likely not be revealed to Canadian producers until next Tuesday, however, as the snow 'result' is not expected until the weekend and Monday is a holiday in Canada to observe Thanksgiving.

US corn futures opened higher this morning. Like Southern Manitoba, both Dakotas and Minnesota are susceptible to an early season snowstorm around the end of the week. As of Sunday, South Dakota was at 36% mature, North Dakota was at 22%, and Minnesota at 39%. The 3 states make up approximately 21% of the US corn crop. Tomorrow's WASDE report will be monitored closely for further clues on the overall US crop.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		154.73 158.02	154.90 156.53	154.04 166.72	168.21 170.97	174.38 178.29	181.77 186.38	185.08 198.05	202.18 211.54	204.12 209.88
Soymeal Delivered Wpg/S.Man	472	474	475	479	480					

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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