

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 16, 2019

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

US Slaughter	
490,000	Tuesday
479,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$59.82
W. Corn Belt	\$59.75
National	\$65.55
ML Signature 5	\$149.19
HyLife (prev. day)	\$152.25
TCP/BP2	\$149.19
BP4/TCP4	\$153.70
BoC Rate (Noon) prev. day \$1.3211 CAD / \$0.7569 USD	
Cash Prices Week Ending October 12, 2019	
Signature 3	128.57/58.32
Signature 4	149.17/67.66
Signature 5	138.87/62.99
h@ms Cash	147.17/66.76
HyLife	148.64/67.42
TCP/BP2	132.89/60.28
BP4/TCP4	144.10/65.36
Cumulative Top-Up Estimate \$4.68 CAD/ckg	
ISO Weans \$26.00 US Avg.	
Feeder Pigs \$42.58 US Avg.	

Forward contract prices opened mostly higher this morning. US cash markets are higher mid-week with ISM, WCB, and National reporting regions up \$1.30, \$1.34, and \$0.80 USD/cwt, respectively. The move is entirely in line with seasonality despite the uncertainty on the export demand side of the equation. Interestingly, the current trajectory is almost completely mirroring the trend seen in 2017 which was to see support heading into the first couple weeks of November. Unfortunately, history is a poor determinant of future events, so the observation is merely a curiosity. However, what doesn't appear to change is that cash markets also soften after the holiday demand drive dies down which typically appears, coincidentally enough, near the second week in November. All post-2014 years exhibit this feature except for 2016 which saw an observably 'late' fall rally; 2016 nevertheless saw a weekly value near the middle of the pack at the year's end and only an average price of \$127.35 CAD/kg for the month of December despite the 'rally' that developed at the beginning of the month. And it should also be noted, the 2016 support developed from historical lows in November. It is notoriously difficult to determine demand and the ongoing trade saga between China and the USA has not provided the certainty required to mount 'extra' optimism at this time. Supply side is much less of a challenge and what the market does 'know', is that there will be a lot of pork available in the last quarter of this year. The above observations are merely a reminder of seasonal behaviour in the last quarter of the year in the absence of stronger demand (presumably, from China) which is currently as uncertain as ever. Market watchers will be watching the weekly export sales report (despite its challenges) for clues on firmer activity to help clear the market of the massive supplies on the way. Lean hog futures are lower this morning following the strength yesterday that saw the nearby contract reach limit up values at mid-trade. The market has since backed off from the trajectory but is remaining amid the higher levels put in yesterday – for now. There simply isn't enough disappearance evidence to lurch values higher at this time despite some optimism that progress is being made and massive speculation on the China/USA trade front.

Canadian delivered soymeal prices opened lower this morning. Unsurprising numbers were revealed in the weekly Crop Progress report which showed the bean harvest slightly above expectations at 26% (25% expected) which is still notably off the 56% five-year average and the 65% pace seen last year. Crop conditions are also lower than historical benchmarks, coming in at 54% good to excellent compared to the 60% five-year average and reminding/highlighting the challenging planting, growing, and now harvesting conditions experienced over this past year.

US corn futures opened lower this morning. This morning the USDA announced the sale of 228,600 tonnes of corn to Mexico for delivery divided between both years 2019/20 and 20/21. Yesterday's weekly crop progress report showed corn harvest at 22% complete. Corn condition was at 55% good to excellent rating which was on par with what was expected, but 15% less than the 5-year average. Tomorrow the USDA releases their weekly export sales numbers.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		157.52	157.69 159.31	161.15 173.73	175.21 177.78	181.17 185.05	188.46 193.03	188.88 201.75	205.85 215.14	206.56 212.28
Soymeal Delivered Wpg/S.Man	465	466	468	471	474					

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