

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 17, 2019

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

US Slaughter	
490,000	Wednesday
478,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$60.35
W. Corn Belt	\$60.26
National	\$66.33
ML Signature 5	\$150.61
HyLife (prev. day)	\$154.22
TCP/BP2	\$150.61
BP4/TCP4	\$155.41
BoC Rate (Noon) prev. day	
\$1.3201 CAD / \$.7575 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 lower this morning. US cash markets remain on the recent tack upward and extended their gains by over \$0.50 USD/cwt in all regions compared to the previous day. Packers remain in a profitable position and are slaughtering nearly 490,000 hogs per day since the beginning of October and over 480,000 per day, regularly, since August putting the new maximum weekly slaughter capacity once again within reach. To be clear, the industry is estimated to currently handle ~500,000 per day at 5.4 days putting the weekly maximum at 2.754 million head meaning packers still have room. However, this contrasts with an industry whose maximum was set near 2.438 million only a few years ago and suggests that production constraints could be reached once again in the absence of investment. There is not enough space in this column to tackle this issue, but investors will likely be carefully evaluating expansion ideas with the demand outlook, particularly in the export market, before making concrete plans. African swine fever, while a potential boon for the industry that could last years, is not guaranteed to influence long-term US demand especially as China becomes more self-sufficient in a period of time currently estimated between as early as two or three and as late as seven or more years. In the meantime, US packers appear to be preparing for, at least, the mid-term; Smithfield is already 'ractopamine free' and last week, JBS announced it was going 'ractopamine free' as well. This morning, there are unsubstantiated rumors making the rounds suggesting Tyson will be following suit as of February 2020. While the recent Phase 1 trade deal specifics are as foggy as ever, US packers, at least, appear to be preparing for easier access to the Chinese market (who currently bans ractopamine) when the trade barriers are finally removed and the political situation between the two trade partners improves. Lean hog futures backed off from the recent support and have given almost all of Tuesday's gains back as of this writing. Phase 1 of the new China/USA trade deal is not expected to be signed until November at the APEC summit in Chile, and the export sales report normally released on Thursday mornings has been delayed until Friday because of Monday's Columbus Day holiday for many federal workers.

Canadian delivered soymeal prices opened lower this morning. US soybean futures have regained momentum after some technical weakness that developed in the recent sessions. Overall, bean futures remain near the upper end of the recently established range, gaining support from poor weather in important growing regions and an ending stocks number that is now within 'normal' levels after falling from over 1 billion bu. just months ago. Thursday's weekly export sales report was not released this morning so traders will have to wait until tomorrow morning for export information.

US corn futures opened higher this morning. The weekly export sales report is postponed until tomorrow due to the Columbus Day holiday in the US. The USDA announced that it will collect new information on harvested acres of corn in Minnesota and the Dakotas after last week's snow. That information will be posted on the Supply and Demand report (WASDE) on November 8th. A private marketing firm reported that currently, yields throughout the US are coming in around 5-20% below last year.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		152.60	152.76 154.38	159.40 171.92	173.39 175.28	178.65 182.51	186.61 191.18	187.92 200.76	204.86 214.13	206.31 212.02
Soymeal Delivered Wpg/S.Man	463	464	465	469	472					

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