Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 18, 2019

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

US Slaughter	
491,000	Thursday
478,000	Year Ago
Daily Prices	
Iowa/S. MN.	$59.65
W. Corn Belt	$59.41
National	$68.07
ML Signature 5	$150.96
HyLife (prev. day)	$158.15
TCP/BP2	$150.96
BP4/TCP4	$158.80
BoC Rate (Noon) *prev. day* $1.3143 CAD / $0.7609 USD	
Cash Prices Week Ending October 19, 2019	
Signature 3	142.59/64.68
Signature 4	154.00/69.85
Signature 5	148.30/67.27
h@ms Cash	152.00/68.95
HyLife	NA
TCP/BP2	138.87/62.99
BP4/TCP4	149.17/67.66
Cumulative Top-Up Estimate $4.67 CAD/ckg	
ISO Weans $26.00 US Avg.	
Feeder Pigs $42.58 US Avg.	

Forward contract prices opened lower this morning. *US cash markets are mixed to close out the week with ISM and WCB regions down by $0.70 and $0.85, respectively, while the National region is up $1.74 USD/cwt. Despite the moves lower in the negotiated regions, cash market trajectory remains higher and values have improved week over week in a typical seasonal trend. Western Canadian cash prices are subsequently higher than previous week also mirroring the US cash trend. But the real news making headlines this morning is the massive amount of pork that materialized on the weekly Export Sales report this morning for week ending Thursday, October 10 which was delayed due to the Columbus Day holiday last Monday. A whopping net sale of 292,200 MT was reported at the same time weekly deliveries came in at 210,900 MT representing marketing-year highs in both categories. China? Not exactly. China did commit to 94,000 MT in net sales (i.e. commitments) which would be in line with their recent increase in activity and they also did take deliver of a more modest 13,800 MT from previous commitments. But it was Mexico that took centre stage with 132,400 MT in commitments and 135,800 MT in physical deliveries. Careful readers of the report, however, took note of the qualification at the top of this week's report which read: "This week's report includes a significant quantity of pork for the current marketing year that may have occurred in previous weeks but were not previously reported". Lean hog futures gapped higher at the open (the report is released before markets open) but almost immediately backed off and are now trading at the lower end of yesterday's range, likely as a function of the USDA's qualification on the report. Market fatigue on headline news or cautious optimism may be behind the reaction this morning despite the positive appearance, delayed information, or not. Nevertheless, ongoing record volumes will likely be needed in order for futures to make a substantial and sustained recovery amid the current trade deal uncertainty and inconsistent export activity.*

Canadian delivered soymeal prices opened lower this morning. *Lower weekly deliveries and net sales were posted on the delayed Export Sales report this morning while the market closely watches for evidence of China entering the US market once again. China committed to 850,000 MT for future delivery but took only 136,000 MT in physical deliveries last week. Net sales were down 24% from previous week while deliveries were down 8%. The market remains supported on production concerns and in the USA.*

US corn futures opened lower this morning. *The delayed weekly export sales report was posted by the USDA this morning and saw physical corn exports at 556,585 tonnes, about a 17% increase compared to last week. Net corn sales came in at 368,576 tonnes, which is about a 30% increase from last week but still on the lower end of what was expected. Ethanol production is up about 1% from last week to 971,000 barrels.*

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		148.60	148.53 149.90	150.79 166.96	171.93 174.46	173.80 179.67	186.54 189.50	187.39 200.07	204.26 213.51	205.57 211.26
Soymeal Delivered Wpg/S.Man	460	461	463	467	470					

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