

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 21, 2019

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

## US Slaughter

2.726 mil. Last Week

2.599 mil. Year Ago

## Daily Prices

Iowa/S. MN. \$55.27

W. Corn Belt \$55.57

National \$68.12

ML Signature 5 \$146.27

HyLife (prev. day) \$157.57

TCP/BP2 \$146.27

BP4/TCP4 \$158.78

## BoC Rate (Noon) prev. day

\$1.3132 CAD / \$.7615 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 157.57/71.47

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 mixed this morning.** US cash markets have been moderating over the past couple days relative to the previous trend. ISM and WCB regions are down for the second day in a row at \$4.38 and \$3.84, respectively, marking a notable reversal from the previous tack. The National region still maintains its upward momentum, but support has moderated somewhat; National was up by only \$0.05 USD/cwt relative to the previous day. It is much too early to call the softness in the cash markets at pattern, but trend analysis reveals that cash markets do soften near this time of year. In fact, the second week in November is when post-2014 cash markets typically turn lower heading into the holiday season on average and the market is only two weeks away from than benchmark. In the absence of significant commitments from export markets, it will likely be a challenge to clear pork at current values for which the volume is now estimated to be between 6.4% and 7% higher in the second half compared to year ago. Meanwhile, export markets remain a hot topic on the heels of the holiday-delayed Friday export sales report which showed weekly net sales and physical deliveries coming in over at over 200,000 MT in both categories. The number is significant and represents a notable outlier higher in the recent trend. However, it was Mexico that took the lion's share of the volumes last week and speculation remained rampant after the release. Moreover, the USDA released a statement on the report stating some of the activity "...may have occurred in previous weeks but were not previously reported". The net result has been even more 'distrust' of the weekly report as related to pork and highlights the challenges associated with differing data capture methodologies. In the meantime, lean hog futures remain near the middle of the recently established range and do not see last week's report as trend setting or indicative of a 'return' of Chinese buyers to the US market. The 'Phase 1' portion of the USA/China trade deal is not expected to be signed until the November APEC summit meeting that is so-far still scheduled to go on in Chile despite regional, social unrest in the region that is so far unrelated to the meeting.

## Canadian delivered soymeal prices opened lower this morning.

US soybean futures remain at the upper end of the recently established range as anecdotal reports from the field are coming in very mixed. The USDA Crop Progress report will be released later this afternoon with pre-market expectations coming in with harvest pace at 38% completed versus 26% last week. By way of comparison, harvest pace last year was 51% and the average is for 64%.

**US corn futures opened lower this morning.** The USDA will release the weekly Crop Progress report this afternoon after trading. Corn harvest is expected to be at 33% complete which would be an 11% increase over the previous week. Last year's pace was at 48% while the benchmark 5-year average shows corn harvest is typically 42% completed by this time of year.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		149.26	149.19 150.56	150.60 166.74	171.70 174.23	173.95 179.81	186.43 189.38	186.31 198.95	203.13 212.35	205.23 210.92
Soymeal Delivered Wpg/S.Man	n/a									

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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