

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 22, 2019

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

www.hamsmarketing.ca

US Slaughter	
488,000	Monday
475,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$57.43
W. Corn Belt	\$57.29
National	\$67.81
ML Signature 5	\$147.57
HyLife (prev. day)	\$156.72
TCP/BP2	\$147.57
BP4/TCP4	\$157.62
BoC Rate (Noon) prev. day \$1.3096 CAD / \$0.7636 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	154.52/70.09
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 continue to show the early signs of some seasonal weakness with the ISM and WCB regions making up only about half of the previous day's losses while the National region was lower by \$0.31 USD/cwt. In a normal marketing year, cash weakness starts to develop, on average, by about marketing week 45 or the second week in November. Despite hope that Asian markets will soon play a larger role in export markets due to ASF, evidence has yet to materialize in any meaningful or consistent way. While last week's export sales report showed a remarkable and positive departure from the trend, the lion's share of the volume was destined for Mexico and there was also a major caveat published on the report suggesting some of the volume may have been from previously unreported deliveries. In short, Asia (read: China) has yet to show up *significantly or consistently* on the weekly report and there is simply too much uncertainty on any export trend moving forward not to mention some skepticism with the weekly USDA report generally, and therefore, its ongoing validity. In the meantime, the last four weeks' hog slaughter is up by approximately 5.6% compared to year ago and last week's pork production was up by 4.8%. There is a lot of pork to clear the market and export channels will be key in providing the conditions for price support. Lean hog futures recovered from the Friday lows, yesterday, but have a way to go before they break out of the recently established range. And even though 'lows' were put in Friday, the levels did not break recent support levels. Day to day movements are likely a function of technical repositioning as the fundamentals have not changed and the daily news has not been enough to break out of the ranges. The next bit of news the market is waiting for revolves around the so-called 'Phase One' portion of the China/USA trade deal that is widely expected to be presented in Chile at the APEC summit next month, but there is no certainty on the issue and the specifics around 'agriculture' purchases have yet to be revealed.

Canadian delivered soymeal prices opened even this morning. US soybean futures remain at the upper end of the recently established range with some mild support coming from yesterday's Crop Progress report. The USDA estimated weekly progress at 46% complete against the expected 42% and compared to 51% last year. While that was a bit of good news, the real question remains on production and yield; conditions are estimated at 54% good to excellent with 53% expected and compared to 66% last year.

US corn futures opened higher this morning. Crop conditions in yesterday afternoon's Crop Progress report showed 56% in the good to excellent category when 54% was expected but against a 68% rating last year. Crop progress is also behind benchmarks and came in at 30% compared to the expected 34%. Last year, harvest was estimated at 48% and slightly above the 47% five-year average.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		146.46	146.39 147.77	150.34 166.50	171.46 174.30	174.58 180.45	187.02 189.98	186.86 199.50	203.69 212.90	205.23 210.90
Soymeal Delivered Wpg/S.Man	462	462	463	467	470	470				

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h@ms 2019 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current, SK	TODAY, 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