

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 23, 2019

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

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US Slaughter	
492,000	Tuesday
474,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$56.35
W. Corn Belt	\$56.29
National	\$68.20
ML Signature 5	\$146.80
HyLife (prev. day)	\$157.19
TCP/BP2	\$146.80
BP4/TCP4	\$158.51
BoC Rate (Noon) prev. day \$1.3094 CAD / \$0.7640 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 lower this morning. US cash markets are once again mixed this week with the ISM and WCB regions coming in lower than the previous day while the National region was up by a modest \$0.39 USD/cwt. While the ISM and WCB regions have been volatile and are struggling to regain the previous tack higher, there might be some positive news for cash markets on the horizon. The cold storage report released yesterday showed that total pork inventories in September was 1.6% higher than year ago but 2% lower than the five-year average. This stands out because stocks typically increase from August to September by 3.1% on average. Moreover, slaughter ramped up in September and combined with the rising hog weights, a lot of pork was processed suggesting if inventory increased by amounts less than the averages in the face of massive production, pork must be moving. The idea for now is that the export markets are 'pulling' a large amount of the product outside the USA, but the precise locations are very much under question at this time. The weekly export sales report showed significant volumes to Mexico last week in a report that is considered somewhat controversial, but the weekly report doesn't capture all pork products categorized by US Customs' HS codes. That information will have to wait as the official data capturing all customs movements is lagged by approximately two months. September data, therefore, will not be known until at least the beginning of November. In the meantime, the 'drawdown' in stocks supports the notion that export channels may indeed be able to somewhat absorb the excess pork being produced this year. Lean hog futures, meanwhile, continue to see pressure and are struggling to shake off the bearish sentiment that has been a feature of the market since mid-last week. While cold storage might support the idea that exports are healthier than at first thought, there simply isn't enough evidence to mount a move higher especially while the deferred contracts are still trading at a premium relative to cash settlement history.

Canadian delivered soymeal prices opened even this morning. There are stories surfacing that Chinese buyers could commit to between 5 and 10 MMT of 'duty free' soybeans ahead of the so-called 'Phase One' deal between China and the USA as a goodwill gesture, but as of this writing, there has been no official announcement. Harvest numbers could show some better progress when released next week if the drier weather materializes according to the 6-10 day forecast.

US corn futures opened lower this morning. US corn futures continue to trade near the upper end of the range that was established mid-August, but it is far from the highs put in earlier in the summer. An expected killing frost in the Eastern Corn Belt could provide some support if crop development hasn't fully been realized which is a probability this year due to the late planting.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		144.07	144.00 145.37	144.83 160.96	165.92 168.99	169.28 175.14	183.99 184.82	183.78 196.42	200.60 209.82	203.60 209.27
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
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