

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 24, 2019

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

US Slaughter	
491,000	Wednesday
477,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$55.17
W. Corn Belt	\$55.00
National	\$68.35
ML Signature 5	\$145.34
HyLife (prev. day)	\$157.51
TCP/BP2	\$145.34
BP4/TCP4	\$158.75
BoC Rate (Noon) prev. day \$1.3086 CAD / \$0.7642 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 continue to come under pressure with the ISM and WCB regions lower by \$1.18 and \$1.29, respectively, while the National nudged slightly upward by \$0.15 USD/cwt. Consistency across all reporting regions can be commonplace but the more volatile ISM and WCB regions typically lead either higher or lower depending on the market conditions at the time. Over the past couple sessions, ISM and WCB have been 'leading lower' suggesting there may be a shift in the overall trend soon. National's increases have been getting incrementally smaller in recent days and if the ISM and WCB continue to see weakness, a National top could be developing. Seasonality is likely a factor as cash markets typically see some weakness by the second week in November on average which is only two weeks away. Relatively large pork supplies and inconsistent data on export activity can likely be cited in part for the recent softness despite some positive news in the Cold Storage report released on October 22 showing total pork in cold storage built up at a lower pace than the typical August to September run-up. Lean hog futures opened lower this morning having been provided no solid rationale to move higher in the Export Sales report that was released before the opening bell. While Accumulated Exports are some 49% higher than the five-year average (36% higher than year ago) and showing that the export market is in fact healthier than previous years, Net Sales and Weekly Exports (i.e. physical deliveries) were once again disappointing *relative to expectations*. Net sales fell back slightly compared to the more recent trend and were 93% lower than week ago(!). Of course, last week's numbers were controversial, and the consensus is that previously unreported sales were included in last week's figures. Regardless, the consistent trend upward that has been expected due to ASF losses elsewhere has not materialized and China's purchasing activity appears to be more disciplined than anticipated despite pig losses that almost everyone is expecting to get worse. Physical deliveries into China were 9,200 MT from previous commitments, net sales came in at 1,300 MT for the current marketing year and only 700 MT for 2020.

Canadian delivered soymeal prices opened lower this morning. This morning's Export Sales report showed 475,200 MT in net sales were made, coming in well below the 800,000 to 1,160,000 MT expected range. The number is 70% lower than the previous week and 72% lower than the previous four-week average. While there has been recent talk that China could make between 5 and 10 MMT in 'good will' purchases ahead of the 'Phase One' agreement, those commitments did not show up this week.

US corn futures opened lower this morning. Net sales of US corn came in at 491,500 which was up 33% from the previous week and 15% from the previous four-week average. The pre-report expectation was for weekly corn sales to be between 450,000 and 850,000 MT putting the actual numbers at the lower end of the expected range. US corn futures are lower as of this writing.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		141.94	141.86 143.23	140.56 156.66	161.61 163.97	164.25 170.10	176.79 179.74	179.11 191.72	195.90 205.09	199.53 205.20
Soymeal Delivered Wpg/S.Man	459	459	461	464	466	466				

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h@ms 2019 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Starbuck, MB	TODAY , Oct. 24th – 2:00 PM	Starbuck Community Hall - 25 Main Street
Strathmore, AB	Wednesday, Oct. 30th - 12:00 Noon	Travelodge - 350 Ridge Road