

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 28, 2019

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

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US Slaughter	
2.693 mil.	Last Week
2.563 mil.	Year Ago
Daily Prices	
Iowa/S. MN.	\$52.40
W. Corn Belt	\$52.58
National	\$66.83
ML Signature 5	\$140.44
HyLife (prev. day)	\$153.78
TCP/BP2	\$140.44
BP4/TCP4	\$154.96
BoC Rate (Noon) prev. day \$1.3064 CAD / \$0.7655 USD	
Cash Prices Week Ending October 26, 2019	
Signature 3	133.32/60.47
Signature 4	158.26/71.79
Signature 5	145.79/66.13
h@ms Cash	156.26/70.88
HyLife	156.32/70.91
TCP/BP2	148.30/67.27
BP4/TCP4	154.00/69.85
Cumulative Top-Up Estimate \$4.67 CAD/ckg	
ISO Weans \$28.28 US Avg.	
Feeder Pigs \$44.01 US Avg.	

Forward contract prices opened mostly lower this morning. US cash markets are lower to start the week with ISM, WCB, and National down \$1.28, \$0.95, and \$1.08 USD/cwt, respectively. Weekly slaughter came in at 2.693 million hogs, or 5.1% higher than year ago; daily net cut-out value remains under pressure despite some recent strength and the value remains at the lower end of the price history at this time of year; packer profitability is in the black but processors are not motivated use that surplus to bid higher amid the large supply; export markets, while stronger than year ago, are simply not strong enough (so far) to clear the market of product at current price levels. The net result is pressure on cash markets which also develops seasonally at this time. Lots of pork will be processed and the new plant capacity will allow for that throughput, but market conditions have so far not been enough to provide price support in the fourth quarter. Lean hog futures opened the first session of the week on a lower note but have moderated since the open and are trading in a two-sided and choppy pattern to start the week as of this writing. The activity is 'par for the course' as market conditions have not substantially changed, and no supportive news (for hogs) developed over the weekend. For a change, both sides in the trade spat appear to be sending out somewhat consistent messaging on the pace of the so-called 'Phase One' part of the agreement which appears to be paced to be signed at the APEC summit in Chile as reported earlier. However, the details of the agreement have so far been kept fairly quiet and a lot of uncertainty still remains over the agriculture component of the mini deal. Over the weekend, it was being reported that China would lift a ban on US poultry, but it was framed in such a way as to suggest the compromise was to allow Chinese made cooked poultry and catfish products into the USA as part of that negotiation. It is likely much more detailed than that, but when the market is looking for developments on pork and soybeans, a poultry scoop is somewhat disappointing to the lean hog futures market.

Canadian delivered soymeal prices opened lower this morning. Somewhat cooperative weather over the weekend could have allowed farmers to make some rapid harvest progress and there are anecdotes this morning suggesting as much. Analysts are looking for a 19% pace increase in this afternoon's Crop Progress report where 65% complete is expected. By way of comparison, 69% was completed last year against the 78% five-year average.

US corn futures opened lower this morning. The USDA's Crop Progress report will be released this afternoon after trading with pre-report expectations coming in at 47% complete compared to 61% complete last year and the 64% five-year average. Commitments of Traders report showed a new net short position of 76,065 contracts suggesting the market is bearish on corn futures for the time being.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5			139.89 141.25	13.06 154.13	159.08 161.59	161.83 167.67	174.33 177.27	177.11 189.70	193.87 203.05	197.18 202.83
Soymeal Delivered Wpg/S.Man	455	455	456	459	461	461				

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Remaining h@ms 2019 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Strathmore, AB	Wednesday, Oct. 30th - 12:00 Noon	Travelodge - 350 Ridge Road