

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 30, 2019

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

www.hamsmarketing.ca

US Slaughter

490,000 Tuesday

463,000 Year Ago

Daily Prices

Iowa/S. MN. \$51.08

W. Corn Belt \$51.08

National \$66.02

ML Signature 5 \$137.82

HyLife (prev. day) \$151.69

TCP/BP2 \$137.82

BP4/TCP4 \$153.21

BoC Rate (Noon) prev. day
\$1.3075 CAD / \$0.7650 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

\$4.88 CAD/ckg

ISO Weans \$28.28 US Avg.

Feeder Pigs \$44.01 US Avg.

Forward contract prices opened mostly higher this morning. US

cash markets are mixed mid-week with ISM and WCB reporting regions down by about a quarter while the National made a modest \$0.11 USD/cwt move higher relative to the previous day. Despite the mixed nature between the regions, US cash markets are nonetheless moving lower and almost entirely in line with the historical trend. If the current trend holds on for the remainder of this reference period, National based cash regions are poised to come in approximately \$2.00 lower than the previous week and WCB based regions weaker by about \$3.00 on average in USD/cwt. This is not guaranteed, of course, and Canadian prices are always subject to currency conversion so the figures will not exactly mirror US pricing in Canada. But generally speaking, it is not unreasonable to anticipate lower weekly pricing in the current marketing environment in CAD/ckg when the new figures are published on Friday. Nearby lean hog futures moved sharply higher at the open but still reside amid the lower end of the recently established range. Deferred contracts are lower but still trading at a premium relative to the historical cash settles and have moved consistently higher despite the recent weakness in recent days implying optimism for more export activity further out. There are still no firm details on the agriculture component of the 'Phase One' deal and mentions of pork in this round of talks have been conspicuously absent. As such, even the deferred contracts will struggle to make further gains in the absence of a clearer trade picture. As well, recent articles surfacing in the last 24 hours have suggested Phase One may not even be signed in Chile on November 17 but are quick to point out that doesn't mean the deal is threatened – it just means the final details have not been ironed out. Meanwhile, the Bank of Canada has not changed the overnight lending rate and there are expectations that the US Federal Reserve will adjust lending rates lower by 25 basis points later today. The Canadian dollar is trading approximately one-half cent lower in the early morning trade.

Canadian delivered soymeal prices opened higher this morning.

Most market watchers are carefully monitoring the development of the Phase One trade deal between China and the USA as soybeans appear to be one of the commodities Chinese purchasers are willing to commit to when things appear to be moving more smoothly. News surfacing yesterday that the text of the agreement might not be ready in time for signing at the APEC meeting in Chile has been shrugged off by the trade and beans are trading higher as of this writing.

US corn futures opened higher this morning. US corn exports are poor

relative to history and the Head of the Renewable Fuel Association has said the new biofuels policy will not be enough to restart currently shuttered biofuel plants. The combination of these two 'events' could keep any upside in check even amid the challenging harvest and growing season in the USA this year. US corn futures are trading near the upper end of the recently established range, but the nearby contract's range is at the lower end of the overall pricing history.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			141.13 142.50	137.87 154.06	161.10 162.00	162.29 168.17	174.95 177.91	178.69 191.39	201.99 204.84	198.17 203.24	191.92 200.53
Soymeal Delivered Wpg/S.Man	450	450	451	455	457	457					

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Remaining h@ms 2019 Fall Marketing Meeting Schedule

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