

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 31, 2019

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

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US Slaughter	
474,000	Wednesday
477,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$49.20
W. Corn Belt	\$49.23
National	\$65.51
ML Signature 5	\$135.80
HyLife (prev. day)	\$150.75
TCP/BP2	\$135.80
BP4/TCP4	\$152.93
BoC Rate (Noon) prev. day \$1.3152 CAD / \$0.7603 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 lower this morning. US cash markets are lower with ISM, WCB, and National regions down \$1.88, \$1.85, and \$0.51 USD/cwt, respectively. Large slaughter numbers combined with heavier hogs producing more pork is weighing on the trade. As well, continued pressure on the cut-out (down net \$1.28 today) continues to be a feature of the cash market even though demand remains relatively good and slaughter remains robust. Lean hog futures gapped lower at the open on generally negative headlines developing overnight and a weekly export sales report that is considered disappointing relative to expectations. Reporting from various news sources are stating that China is downplaying any further progress than the 'Phase One' component of a larger deal if tariffs are not removed and it appears Phase One, itself, will not be signed on November 17 as previously announced. Both sides have been quick to note that the delay in the signing of Phase One does not suggest it is threatened, but the sum of all the recent news casts a pall over the general relationship and tenor moving forward. But the new revelation is that China is unlikely to negotiate further until tariffs are taken off the table. The weekly Export Sales report released this morning showed net sales of 30,100 MT of pork to all regions for 2019 marketing year with China only picking up 1,900 MT of that. While China did take physical delivery of 10,200 MT for week ending October 24, they *cancelled* 4,200 MT originally pegged for the 2020 marketing year. For a country that is struggling with production loss due to ASF, the report is not exactly what might be expected. Despite this, cumulative pork is pacing well above historical levels and is now at 1.558 MMT for the weekly numbers for the same marketing week; and it should also be restated that the weekly report does not capture all customs' HS codes which are reported on a 'two month' lag. The customs numbers for September will be released in early November.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower on the negative headlines that developed recently. As well, there is some question if China can even take 'additional' beans considering recently being well supplied by Brazil, for example, and a feed demand loss due to ASF. Net exports came in at 943,600 MT against a pre-report expectation of between 500,000 to 1,100,000 MT

US corn futures opened lower this morning. Pre-report expectations were for US corn exports to come in between 300,000 and 800,000 MT. The early morning report showed net sales at 549,100, placing the result near the middle of the expected range but ongoing concerns on demand from export channels generally and the ongoing issues in the ethanol sector are weighing on the trade.

Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			139.54 140.92	144.78 151.97	156.95 160.28	160.56 166.45	173.39 176.36	178.10 190.81	195.02 204.29	198.68 203.78	192.68 201.34
Soymeal Delivered Wpg/S.Man	448	448	449	453	455	455					

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