

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 1, 2019

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

US Slaughter	
490,000	Thursday
473,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$48.27
W. Corn Belt	\$48.20
National	\$65.21
ML Signature 5	\$134.30
HyLife (prev. day)	\$150.95
TCP/BP2	\$134.30
BP4/TCP4	\$152.33
BoC Rate (Noon) prev. day \$1.3160 CAD / \$0.7600 USD	
Cash Prices Week Ending November 1, 2019	
Signature 3	121.31/55.03
Signature 4	153.23/69.50
Signature 5	137.27/62.27
h@ms Cash	151.23/68.60
HyLife	N/A
TCP/BP2	145.79/66.13
BP4/TCP4	158.26/71.79
Cumulative Top-Up Estimate \$5.14 CAD/ckg	
ISO Weans \$28.28 US Avg.	
Feeder Pigs \$44.01 US Avg.	

Forward contract prices opened mixed this morning. US cash markets are lower to finish the week with all reporting regions down relative to the previous day. The recent pressure suggests cash markets could be entering the beginning of a new trend lower that has developed as a pattern in recent years. That is, following the September/October lows, cash markets have seen about five weeks of support before trending lower and leveling off to the end of the year. This year appears to be no different and cash markets, generally, have already seen support for four consecutive weeks this year following the lows seen in week 39 and are now headed lower once again. While export demand is strong relatively speaking, it has not been enough to absorb the massive amounts of pork being produced or clear the market at current price levels and China buying activity has fallen well short of expectations. In sum, cash markets are likely to mirror a more seasonal trend in the short term until such time more evidence of stronger demand surfaces, especially in the export channels. Lean hog futures are also lower at the open and the nearby contract has given up all of the previous day's gains in the early morning session. The December and February contracts are at the lower end of the recently established range while the 'summer' contracts are trading near the middle and exhibiting some more optimism (albeit conservatively). While consensus is that support will develop at some time, the exact timing of that development remains elusive and uncertain for now. There has been recent commentary surfacing that the trade is shrugging off China/USA trade headlines and instead, waiting for something more substantial to develop. Recent trade action would support this notion meaning consistent export volumes and/or the actual signing of any agreement would likely be conditions for consistent and notable support to be seen in the futures trade.

Canadian delivered soymeal prices opened higher this morning. Data revealed in yesterday's export sales report that year-to-date sales of US soybeans are 10% under last year's pace. As well, there is a growing chorus of analyst cautioning against 'a lot' of bean purchases from China even if a new deal is signed and/or commitments are made. Recall that commitments are not sales and can be cancelled at any time against the backdrop of a currently well supplied China and potential feed demand softness due to ASF.

US corn futures opened mixed this morning. US corn export pace is 48% lower than year ago coming in at only 449 million bu. The soft export demand profile combined with issues on the ethanol front could keep moves upward in check in the short term. The nearby contract is trading in the middle of the range that was established at the beginning of October with all contracts in a mixed pattern as of this writing.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		139.55 140.93	136.98 153.20	158.18 162.22	162.50 168.39	175.04 178.01	180.09 192.79	196.99 206.25	201.58 206.68	195.88 204.54
Soymeal Delivered Wpg/S.Man	452	454	457	460	460					

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