

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 13, 2019

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

US Slaughter	
492,000	Tuesday
484,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$42.55
W. Corn Belt	\$42.54
National	\$63.40
ML Signature 5	\$126.00
HyLife (prev. day)	\$147.54
TCP/BP2	\$126.00
BP4/TCP4	\$148.85
BoC Rate (Noon) prev. day \$1.3228 CAD / \$.7560 USD	
Cash Prices Week Ending November 9, 2019	
Signature 3	109.51/49.67
Signature 4	149.89/67.99
Signature 5	129.70/58.83
h@ms Cash	147.89/67.08
HyLife	148.36/67.30
TCP/BP2	137.27/62.27
BP4/TCP4	153.23/69.50
Cumulative Top-Up Estimate	
\$5.47 CAD/ckg	
ISO Weans \$31.02 US Avg.	
Feeder Pigs \$44.62 US Avg.	

Forward contract prices opened mixed this morning. US cash markets are mixed mid-week with the ISM and WCB reporting regions down \$0.17 and \$0.18 USD/cwt, respectively, from the previous day while the National region is higher by \$0.75. Despite the record export numbers into China, the volumes have not been enough to clear the market of the massive amounts of pork being produced at current pricing levels as well as having fallen well short of expectations. The pork cut-out has improved in recent weeks and could be an indication of stronger demand (including from exporters) but there has so far not been one strong signal suggesting a break from seasonal pricing patterns can be made at this time. In the meantime, the National reporting region's values are trending along the seasonal averages, coming in ~5% higher than the reconstructed three-year average (extremes removed), while price for uncommitted hogs in the WCB is ~16% lower than the same benchmark. Price support typically appears after the US Thanksgiving holiday, and so far, this year is shaping up to see a similar pattern assuming no breaking news on export demand surfaces between now and the end of the year. Lean hog futures have backed off from the tack higher seen in yesterday's trade and all contracts are trading lower as of this writing. Again, export demand uncertainty and a pace that is well short of earlier, optimistic expectations is weighing on the trade. Currently, it does not matter if price spreads between USA and China are large or not or if ASF related production shortfalls are getting better or worse. Cheaper pork will flow to higher priced regions at some point, but that would happen quite a bit quicker if massive tariffs and a trade war were currently not taking place. A volatile, choppy, and two-sided trade are likely going to be features of the market until more certainty and/or consistent export volumes into China are revealed.

Canadian delivered soymeal prices opened higher this morning. Yesterday's crop progress came in slightly lower than the 87% pre-report estimated at 85% complete. By comparison, last year saw 97% completed in the same week and 93% for the five-year average. Late harvesting has been a result of late planting and challenging weather and the recent cold snap across much of the area currently under harvest has complicated matters. Despite this, production could still trend near the averages; beans are trading lower on this notion and profit taking this morning.

US corn futures opened lower this morning. December corn futures are trading near the middle of the recently established range that developed near the middle of August. But that range is at the lower end of the pricing history seen this year. Export demand softness and ethanol sector issues are weighing on the trade. Crop progress yesterday showed 66% complete which is the third slowest pace on record going back into the 1980s per Reuters/USDA/NASS.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		138.43 138.43	143.88 158.99	162.38 168.30	169.49 175.70	180.38 184.04	184.23 197.14	201.26 210.59	203.38 208.51	196.35 204.93
Soymeal Delivered Wpg/S.Man	457	459	462	463	463	470				

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Carcass Competition Space Still OPEN!
No Fees for Entering Carcasses
 Contact Ron at 204-572-5282

Wednesday, December 11
 Keystone Centre
 10AM - 4 PM
 Lunch (\$12) 12PM-1PM