

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 19, 2019

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

## US Slaughter

493,000 Monday

478,000 Year Ago

## Daily Prices

Iowa/S. MN. \$41.90

W. Corn Belt \$41.91

National \$63.38

ML Signature 5 \$125.08

HyLife (prev. day) \$147.58

TCP/BP2 \$125.08

BP4/TCP4 \$148.65

**BoC Rate (Noon) prev. day**  
\$1.3214 CAD / \$0.7570 USD

## Cash Prices Week Ending

November 16, 2019

Signature 3 102.73/46.60

Signature 4 149.48/67.80

Signature 5 126.10/57.20

h@ms Cash 147.48/66.90

HyLife 148.18/67.21

TCP/BP2 129.70/58.83

BP4/TCP4 149.89/67.99

## Cumulative Top-Up Estimate

\$5.86 CAD/ckg

ISO Weans \$33.71 US Avg.

Feeder Pigs \$49.56 US Avg.

**Forward contract prices opened lower this morning.** US cash market have given back almost all the previous day's gains and all reporting regions came in lower for today's reference price. The recent and divergent pricing trend action is starting to be criticized observing the price for hogs has been under pressure at the same time the cut-out is starting to make some gains. The ham primal, for example, has risen sharply in recent weeks, coming in 17.2% higher than last week and 50.7% higher than the average 10-week price witnessed between the beginning of September to the beginning of November. Bellies and Ribs have also seen support. The net result is that the value of the carcass is 15% higher than two weeks ago while the National and WCB reference values are 3.5% and 16.2% lower, respectively, over the same time period. However, packers do not have to aggressively bid for the available supplies. Last week's massive 2.749 million weekly kill number suggests there are a lot of hogs to choose from; the (sharply) higher ham values suggest that demand is starting to pick up. All eyes will be looking toward the weekly export sales report for confirmation of firming demand and the monthly data (on a two-month lag) that will be released on December 5. Lean hog futures were under pressure all session yesterday while it was being reported that Chinese negotiators could be waiting for US domestic issues to pass (i.e. impeachment inquiry and/or election) before addressing current issues regarding the so-called Phase One trade agreement at the same time they were also disappointed that President Trump had 'walked back' a previous commitment to roll back tariffs which was previously thought to be agreed to. Futures markets are no higher this morning with all contracts lower as of this writing. It will take some good demand news to break the recent trend lower which is impacting all contracts, and now including the deferreds, that were previously more optimistic.

## Canadian delivered soymeal prices opened higher this morning.

Weekly export sales numbers released on Thursday will be closely watched for direction. The market is trading in the middle of the range that was established mid-September with Chinese buying optimism and crop production concerns providing support. However, while net sales are trending along the averages, weekly exports are about a third lower than 2016 and 2017 and accumulated sales are trending more along the lines seen in 2018. Crop progress came in at 91% complete against a 95% five-year average.

## US corn futures opened higher this morning.

Nearby US corn futures are starting to see some support following four consecutive sessions of losses and a trend that has been moving lower since the middle of October. Poor export demand, relatively speaking, and concerns on demand from the ethanol sector have been recently outweighing production concerns due to a poor growing season. Yesterday's Crop Progress report showed corn at 76% harvested against 77% expected and a 92% five-year average.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5	n/a	133.98	125.97 139.32	144.45 149.33	146.59 156.89	163.08 166.73	167.97 180.83	190.53 191.24	188.33 192.14	175.95 191.07
Soymeal Delivered Wpg/S.Man	469	469	471	474	477	478				

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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**