

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 21, 2019

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

www.hamsmarketing.ca

US Slaughter

493,000 Wednesday

476,000 Year Ago

Daily Prices

Iowa/S. MN. \$42.34

W. Corn Belt \$42.38

National \$64.11

ML Signature 5 \$127.37

HyLife (prev. day) \$149.35

TCP/BP2 \$127.37

BP4/TCP4 \$151.38

BoC Rate (Noon) prev. day
\$1.3304 CAD / \$0.7520 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 markets are mixed with ISM and WCB up by \$0.18 and \$0.21, respectively, while National reporting region was down by \$0.34 USD/cwt. Many market watchers are waiting for the post-US Thanksgiving recovery in cash that typically develops at this time of year; US Thanksgiving will be celebrated next Thursday. In the meantime, the pork cut-out has been making some recent gains, in part, on ideas that demand is picking up especially in the export channels. The sharp increase in the value of hams, making up approximately 25% of the value of the carcass, has seen net value increase by 15% over the past two weeks and 25.8% over year ago for the same marketing week. Pressure on live hog prices remains, however, as the massive supplies and competition for shackle space due to labour constraints weights on the trade. Lean hog futures continued to see pressure for the seventh consecutive session yesterday with five out of eight contracts settling at the daily limit low. Expanded limits today could set the stage for a volatile session. For example, this morning's export sales report has shown **54,385 MT** in net exports to all markets, a 173% increase over week ago. Japan came in at number one taking in 21,500 MT, Mexico second at 7,600 MT, while China took **5,200 MT of new commitments** for 2019, coming in fourth. China also made **34,300 MT in commitments** for 2020, putting them well into first place and taking 94% of new marketing year commitments. Physical deliveries into China were pegged at 13,000 MT which is ~27% higher than the previous four-week average; ROW come in at 59,800 MT, up by ~75%. It should be noted, however, that a number of 'late reporting' figures have entered this data suggesting the numbers could be biased slightly higher. Regardless, the pork has nonetheless been documented and would have merely shown up a week earlier (22,400 MT in net sales and 17,600 MT in physical exports). Futures markets opened higher but are moderating as of this writing. Today's export data, while good, needs to be consistently better for the market to be sustained higher at higher levels.

Canadian delivered soymeal prices opened even this morning.

News articles were surfacing yesterday suggesting the so-called Phase One of the trade deal between China and the USA may not get finished until the new year. Depending on the source, a variety of issues remain in play with the two sides still fundamentally apart on some of the items, the least of which agreeing to what tariffs will be rolled back and by how much. Net sales came in 22% higher than week ago while physical deliveries were at a marketing year high at 1.7 MMT but still well off the pace needed to return to pre-2018 levels.

US corn futures opened higher this morning.

US corn exports saw net sales come in at 788,000 MT against a pre-report expectation of between 400,000 and 900,000 MT. Physical deliveries of 673,100 MT were noted, also a marketing year high, 12% higher than week ago and 49% higher than the prior four week average.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5	n/a	133.17	127.17 140.58	145.74 150.65	147.89 158.24	164.52 168.19	168.36 181.29	185.41 191.75	189.15 192.98	177.29 192.50
Soymeal Delivered Wpg/S.Man	471	471	472	475	478	479				

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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