

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 22, 2019

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

US Slaughter

484,000 Thursday
 1,000 Year Ago

Daily Prices

Iowa/S. MN. \$42.29
 W. Corn Belt \$42.30
 National \$63.91

ML Signature 5 \$126.86
 HyLife (prev. day) \$149.66
 TCP/BP2 \$126.86
 BP4/TCP4 \$150.72

BoC Rate (Noon) prev. day
 \$1.3285 CAD / \$0.7527 USD

Cash Prices Week Ending

November 23, 2019

Signature 3 102.58/46.53
 Signature 4 150.56/68.29
 Signature 5 126.57/57.41
 h@ms Cash 148.56/67.39
 HyLife N/A
 TCP/BP2 126.10/57.20
 BP4/TCP4 149.48/67.80

Cumulative Top-Up Estimate

\$6.25 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 lower to close the week with ISM, WCB, and National reporting regions coming in lower by \$0.05, \$0.08, and \$0.20 USD/cwt, respectively, relative to the previous day. It appears that the large day over day losses have abated as a trend, but pressure remains in the reporting regions, likely until the US Thanksgiving holiday that will be celebrated next week. This is entirely consistent with the historical trend that does not see strength return to cash markets until after US Thanksgiving, on average. Recent week over week moves higher in the cut-out especially with hams has suggested demand is strengthening, but packers will not have to aggressively bid amid large supplies and a holiday-shortened kill week that will weigh on the trade – the net cut out also saw steep losses in yesterday's report. As well, competition for shackle space due to the labour issues noted earlier will be exacerbated by the shortened work week for those producers that need to move animals to market. Cash markets are called steady-to-lower for next week. Lean hog futures have seen some volatility in recent days, but the trend has seen the market move lower, especially since November 13. The pressure that is seen in the nearby contracts is hardly surprising considering the massive amounts of pork the market has to move in the absence of a more aggressive disappearance profile. But the premiums in the deferred contracts that were previously witnessed have also come under pressure as trade war rhetoric ramps up once again and exports, while better than previous weeks in yesterday's report, still don't show *significant* commitments from China. While it is true exports to China are higher than historical average, and that the country has committed to more pork in the next marketing year earlier than average, it is still not enough to support futures prices further out. Consistency and volume from China (in particular) and all global partners (in general) will be key for the market to lift off the recent lows.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are under pressure to finish the week and trade war (tariff) rhetoric is ramping up once again. According to some sources, Chinese negotiators have invited US officials to discuss more of the so-called Phase One trade deal but as of this writing, there has been no indication that the Americans are going to accept. Meanwhile, this week, President Trump has once again threatened to levy higher tariffs on Chinese goods if a deal cannot be made.

US corn futures opened higher this morning. US corn futures are recovering from the recent trend lower, albeit gradually. Yesterday's export sales report was considered supportive as marketing year highs in volumes were reported. However, US corn does not have the same export profile as beans so when export data moves in one direction or another, the market's reaction is more muted compared to moves in the bean trade on similar news.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5	n/a	131.75	125.68 139.08	144.23 149.14	146.39 156.73	163.11 166.78	166.97 179.90	184.02 190.36	187.52 191.35	175.11 190.32
Soymeal Delivered Wpg/S.Man	467	467	469	470	474	475				

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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