

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 26, 2019

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

US Slaughter	
491,000	Monday
444,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$41.37
W. Corn Belt	\$41.41
National	\$61.82
ML Signature 5	\$123.52
HyLife (prev. day)	\$144.58
TCP/BP2	\$123.52
BP4/TCP4	\$146.03
BoC Rate (Noon) prev. day \$1.3307 CAD / \$0.7515 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	149.10/67.63
TCP/BP2	126.10/57.20
BP4/TCP4	149.48/67.80
Cumulative Top-Up Estimate \$6.25 CAD/ckg	
ISO Weans \$32.51 US Avg.	
Feeder Pigs \$46.69 US Avg.	

Forward contract prices opened higher this morning. US cash prices are lower for the second consecutive day this week (and the third consecutive day since Friday) with ISM, WCB, and National reporting regions down by \$0.43, \$0.41, and \$1.92, respectively. If the trend continues, weekly Canadian cash settle prices for week ending November 30 will likely be lower than the previous week (foreign exchange notwithstanding), as the pricing reference period for some Canadian packers ends on a Thursday, which is only two days away. There is little evidence that will likely be presented in the next couple days to fundamentally 'turn the market around', despite the news coming from the meat side which has seen strength in the cut-out and has been trading amid the high levels seen in all of 2019 so far; the ham primal has seen significant increases in value and is approximately 50% higher than the levels seen since the middle of October. Regardless, massive supplies and a short kill week due to US Thanksgiving will likely pressure for the rest of the week. Lean hog futures, meanwhile, continue to struggle in the absence of positive demand news and pork production that in October was estimated to be 6.4% higher than year ago. The result so far is that futures contracts are back to trading at levels near the pre-March/April rally and are 13.7% lower than the April highs on average. Nearby futures contracts are taking the brunt of the pressure coming in 17.0% and 25.0% lower than April for the December 2019 and the February 2020 contract, respectively, while the 'summer contracts' are faring slightly better and 'only' about 9% lower than the highs seen in the spring. In either case, all contracts are trading in a more seasonal pattern and if there is an ASF premium currently built into the market, it appears to be a very small one.

Canadian delivered soymeal prices opened lower this morning. Rumors and reports on the Phase-One China/USA trade deal are making the rounds once again but this time the Chinese side appears to be, at least, supporting the notion that progress is being, or could be, made. A publisher run by the Chinese government has reported that the two sides have reached a broad consensus, but the market appears to have shrugged off this recent news. US soybean harvest came in yesterday at 94% complete against the 97% five-year average.

US corn futures opened lower this morning. US corn futures are once again lower and unable to build on yesterday's momentum. There has been no real market moving news on demand outlooks and yesterday's Crop Progress report showed corn harvest to be 84% complete against an 85% expectation, 76% last week, and a 96% five-year average.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5	n/a	125.19	125.93 139.12	144.28 149.20	147.16 158.00	164.50 167.33	168.96 182.03	186.28 192.76	190.15 193.62	177.74 192.83
Soymeal Delivered Wpg/S.Man	461	461	463	466	469	472				

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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