

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 27, 2019

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

US Slaughter	
495,000	Tuesday
471,000	Year Ago
Daily Prices	
Iowa/S. MN.	\$42.49
W. Corn Belt	\$42.47
National	\$63.16
ML Signature 5	\$126.20
HyLife (prev. day)	\$147.92
TCP/BP2	\$126.20
BP4/TCP4	\$148.96
BoC Rate (Noon) prev. day \$1.3288 CAD / \$.7535 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 markets have reversed course at the mid-week point and are higher relative to the previous day by \$1.12, \$1.03, and \$1.31 USD/cwt for ISM, WCB, and National reporting regions, respectively. The reversal is not indicative of a trend, however, and cash markets could return to pressure for the remainder of the holiday-shortened week. Tomorrow is US Thanksgiving and the short week, combined with the ongoing labour challenges mentioned earlier, could keep pressure on the cash as competition for shackle space is maintained. While there is evidence of some week-to-week recovery heading toward the end of the year on average, there are no guarantees. Individual years' price profiles going back to 2015 shows only 2016 recovered 'significantly' during December. The other years witnessed a flattening-out trend heading into the new year, some years higher, some years lower from the current marketing week. Historical observations also reveal that the next bit of strengthening is not fully developed until the end of February where values have improved by 15% (National) and 32% (WCB) by marketing week 7 of the new year compared to present week. The idea, of course, is that barring any new trade or demand story, cash markets are likely to remain under pressure for the next couple weeks which is entirely in line with the recent historical and seasonal trend. Lean hog futures are choppy to start today's session but are higher as of this writing. Regardless of the move, however, the market (all contracts) has a way to go before mid-October levels can be reached once again. All contracts came under pressure after November 13, pushing to lows not seen in months and to levels near the pre-March/April rally seen in the spring. Phase One trade deal developments could provide support, but the market appears to be tiring of trade deal 'news'.

Canadian delivered soymeal prices opened mixed this morning. Nearby US soybean futures remain under pressure (albeit trading higher this morning) in a pattern that has developed since the middle of October. While harvest has been challenging (and another bout of inclement weather on the way), production fears have not been enough to provide the bean trade with support. China export sales are off pace and there is talk that the funds, while currently net short, have a bit more room to move lower if they want/need to.

US corn futures opened lower this morning. US corn futures are showing some strength ahead of tomorrow's market close but are still trading at the lower end of the range that was established at the beginning of October. The nearby contract is now at the lows seen in September, but it is only trading 14 cents off the benchmark. Historical data shows corn futures have traded higher on the day before Thanksgiving 64% of the time which is more seasonal trivia than anything.

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5	n/a	125.37	126.08 139.24	144.38 149.29	147.73 158.55	166.33 167.84	169.99 183.03	187.27 193.73	191.47 194.94	179.18 194.27
Soymeal Delivered Wpg/S.Man	461	461	462	466	469	471				

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h@ms Marketing Services will be closed on

Thursday, November 28 due to USA Thanksgiving. US Markets will be closed.

Forward contracting will subsequently be closed. The HMO and Opening Price reports will not be published. Normal business resumes on Friday, November 29.