



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 04, 2017

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

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

Hog Prices: ↑ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

## US Slaughter

462,000 Tuesday  
442,000 Year Ago

## Daily Prices

W. Corn Belt \$50.59  
National \$57.37  
Iowa/S. MN. \$50.67  
Signature 5 \$121.60  
HyLife (prev. day) \$126.27  
Britco (prev. day) \$115.84  
TCP/BP2 \$121.60

BoC Rate (Noon) prev. day  
\$1.2500 CAD / \$.8000 USD

## Cash Prices Week Ending September 30, 2017

Signature 3 108.93/49.41  
Signature 4 130.04/58.99  
Signature 5 119.49/54.20  
h@ms Cash 117.99/53.52  
HyLife 127.55/57.86  
Britco 113.29/51.39  
TCP/BP2 126.54/57.40

## Year-to-Date Top-Up Estimate

\$3.88/ckg (call for details)

ISO Weans \$24.70 US Avg.

Feeder Pigs \$40.72 US Avg.

## Forward contract prices opened mostly higher this morning.

US cash markets gained about US\$1.00/cwt in yesterday's trade across all of the reporting regions. Gains are not coming from packers matching changes in wholesale pork prices as the pork carcass cut-out has been trending steady-to-weak recently. This means that the gains in the cash market have come largely from increased competition between packers, in large part, due to the new production facilities coming into the open market and outbidding their rivals. Daily slaughter levels have been estimated by the USDA at 462,000 hogs, approximately 12,000 hogs/day larger than year ago levels. Futures traders have grown more optimistic about the near-term cash market with the October contract holding a 10% premium over the current cash index. This implies that packer bids will gain approximately US\$0.75/cwt per day over the next two weeks. Critical to maintaining this support are pork prices that move only moderately lower, even as pork production hits all-time record high levels.

**h@ms Marketing Services will be closed Monday, October 9 for Thanksgiving**

## Canadian delivered soymeal prices opened lower this morning.

Although the market has seen some pressure at the beginning of the week (due to some corrective action following the release of the bullish Grain Stocks report last week), there is talk that more support is looming. The fundamentals are not expected to drastically change between now and next week's WASDE report, but there are some technical indicators that imply support is on the horizon. Technical indicators are notoriously difficult to concretely draw conclusions from. Nevertheless, demand is on solid footing, the market has been trading near range-lows for some time, and in the absence of dramatically shifting fundamental data, the technical watchers are preparing for a change to the upside.

**US corn futures opened lower this morning.** Like beans, the fundamental picture of the US corn market is expected to remain relatively stable in the short-term, and with 2+ billion in ending stocks as the current estimate (between September's WASDE report and last week's Grain Stocks report), the market isn't expected to break to the upside anytime soon. That hasn't stopped commenters from suggesting the market is at a potential point of pushing higher due to, like beans, technical indicators, as well as observations that managed money recently turning to a net-long position in major ags. Support may be on the way, but it will be very difficult to shake off a 2+ billion ending stock estimate unless the demand picture changes substantially.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		128.21 132.87	128.15 135.91	133.69 144.83	145.39 148.38	147.93 156.07	156.25 156.36	157.64 169.87	167.77 179.32	174.14 175.54
Soymeal Wpg Delivered.	422	422	422	425	429	429				

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## h@ms 2017 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Lethbridge, AB	Tuesday, Oct. 24 - 12:00 Noon	The Coast Hotel & Conference Centre - 526 Mayor Magrath Dr.
Starbuck, MB	Thursday, Oct. 26 - 2:00 PM	Starbuck Community Hall - 25 Main Street
Steinbach, MB	Friday, Oct. 27 - 12:00 Noon	Smitty's Family Restaurant - 145 Park Road
Swift Current, SK	Tuesday, Oct. 31 - 12:00 Noon	Royal Canadian Legion #56 - 239 1st Avenue, NE
Saskatoon, SK	Wednesday, Nov. 1 - 12:00 Noon	Comfort Suites - 203 Bill Hunter Avenue