Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 10, 2017

For details call: (204)235-2237 or visit
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Hog Prices: ↓↑ *Soymeal:* ↑
Corn: ↑ *CDN Dollar:* ↓

US Slaughter	
2.524 mil.	Last Week
2.426 mil.	Year Ago

Daily Prices	
W. Corn Belt	$53.63
National	$58.11
Iowa/S. MN.	$53.74
Signature 5	$126.40
HyLife (prev. day)	$128.33
Britco (prev. day)	$123.34
TCP/BP2	$126.40

BoC Rate (Noon) *prev. day*
$1.2549 CAD / $0.7968 USD

Cash Prices Week Ending October 07, 2017	
Signature 3	115.90/52.57
Signature 4	127.32/57.75
Signature 5	121.61/55.16
h@ms Cash	120.11/54.48
HyLife	126.14/57.22
Britco	108.68/49.30
TCP/BP2	119.49/54.20

Year-to-Date Top-Up Estimate

$3.92/ckg (call for details)

ISO Weans	$28.72 US Avg.
Feeder Pigs	$41.38 US Avg.

Forward contract prices opened mixed this morning. *US cash markets started this week with firmer bids with packers receiving support from firm pork product prices. Last week's hog slaughter topped 2.524 million hogs, similar to the week previous, and came in about 4% larger than the same week last year. This is consistent with the latest USDA Hogs and Pigs report which suggested that the hog supply will maintain this increase over last year's levels for the next two months. Market traders and analysts are increasingly focused on demand factors as there is little uncertainty that weekly hog slaughter will top 2.6 million hogs several times before the end of the year. With the latest monthly pork export volumes showing no change from year ago levels in August, packers may start to see significant discounts applied to cuts like hams, butts, and loins in order to clear the market of excess supply. Lean hog futures still reflect a positive outlook for the winter timeframe with current prices implying a cash market gain of 10% over the next 2 months and another 10% into mid-February.*

Canadian delivered soymeal prices opened higher this morning. *The Crop Progress report won't be released until 4:00PM today (as opposed to its normal Monday release) due to the Columbus Day holiday in the USA. The market will be watching the harvest progress number closely as there was talk of slowing harvest due to weather delays last week. The slowing harvest talk ushered in a supportive tone to the market despite ideas that supply, in general, is not currently threatened. Other supports to start the week are coming from talk that farmer sales in S. America have been recently slow and, as Brazil gets planting underway, lower aggregate soybean and corn areas are expected. US soybean yield is expected to be increased in Thursday's WASDE report, but the market has seen surprises in the reports since August.*

US corn futures opened higher this morning*. Support to start the week, like beans, follows from thoughts of a slower harvest pace in the USA due to wet weather and some dryness concerns for planting in S. America. Market watchers will have to wait until after 4:00PM today to review the USDA's holiday-delayed report on harvest progress. The other report traders are looking forward to is the October WASDE report that will be released on Thursday. So far, there are thoughts that the average national yield will be raised over 170 bpa, which would produce exceptional supply and keep ending stocks estimates over 2 billion bu. But also like beans, the corn market has been subject to WASDE surprises since August and many are taking a wait-and-see approach.*

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		127.10 130.64	127.04 134.81	133.33 144.47	145.03 148.03	147.64 155.79	155.70 155.81	158.11 170.32	168.23 179.77	172.33 177.35	174.59 177.12
Soymeal Wpg Delivered.	427	427	427	431	434	434					

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