# Hog Margin Outlook

*Meeting Your Marketing Needs*

**Wednesday, October 11, 2017**

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

h@ms MARKETING SERVICES

**Hog Prices: ↓↑ Soymeal: ↑**
**Corn: ↑ CDN Dollar: ↑**

| US Slaughter | |
|---|---|
| 463,000 | Tuesday |
| 395,000 | Year Ago |

| Daily Prices | |
|---|---|
| W. Corn Belt | $55.13 |
| National | $59.85 |
| Iowa/S. MN. | $55.22 |
| Signature 5 | $129.56 |
| HyLife (prev. day) | $132.18 |
| Britco (prev. day) | $126.25 |
| TCP/BP2 | $129.56 |

**BoC Rate (Noon)** *prev. day*
$1.2501 CAD / $0.7999 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 continue to reflect an expanding slaughter capacity with packers, new and old, struggling to grow or maintain their daily production levels. Yesterday's daily slaughter was estimated at 463,000 hogs, a new record and approximately 11,000 larger than the previous record set last year. The last two weeks have seen pork production hit levels about 4% larger than year ago, which is adding an unprecedented amount of pork to the market. So far, wholesale prices have held firm despite the increased supply, suggesting that domestic demand is very strong. Export sales volume continue to struggle with the latest monthly total for August showing less than 1% growth over last year. Of the major destinations for US pork, Mexico is the only one that added purchases over August 2016 levels, a concern when going into the highest production period of the year. Current forward prices represent fair value as they hold a modest premium to the cash prices at a time when hog supplies are still expected to grow by an additional 100,000 hogs/week.*

***Canadian delivered soymeal prices opened higher this morning.*** *Yesterday's Crop Progress report confirmed the chatter that the US harvest pace is falling behind. Soggy fields and rain have been cited for the delays which has seen the soybean harvest progress to only 36% complete. While harvest did progress 14% relative to last week, it still fell short of the 43% average. Estimates for tomorrow's WASDE report are coming in and showing a 49.1 to 52.1 bpa range for average yield, and between 375 and 500 million bu. in ending stocks. However, if the past two reports have been any indication, the trade should be ready for surprises tomorrow.*

***US corn futures opened higher this morning.*** *Like beans, the US corn harvest is behind the average pace coming in at 22% compared to a 37% five-year average. The number reflects the third slowest harvest in 20 years and was a bit of a disappointment compared to pre-report expectations that were in the 26% and 27% completed range. Market watchers have estimated the US corn yield to come in between 168.7 and 171.5 bpa in tomorrow's WASDE report. Ending stocks are pegged between 2.168 and2.450 billion bu., a sentiment that has been buoyed by decent crop conditions despite the delays.*

| Fixed Forward Range (at opening) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Maple Leaf Sig. #5 | | 129.17<br>132.17 | 129.10<br>136.88 | 134.28<br>145.43 | 145.99<br>148.98 | 147.97<br>156.12 | 156.30<br>156.41 | 157.72<br>169.96 | 167.87<br>179.43 | 170.86<br>175.87 | 173.39<br>175.92 |
| Soymeal Wpg Delivered. | 424 | 424 | 424 | 428 | 432 | 432 | | | | | |



## 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 |