



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 13, 2017

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

www.hamsmarketing.ca

Hog Prices: ↓ ↑ Soymeal: ↑

Corn: ↑ CDN Dollar: ↑

US Slaughter	
463,000	Thursday
416,000	Year Ago
Daily Prices	
W. Corn Belt	\$57.54
National	\$61.38
Iowa/S. MN.	\$57.56
Signature 5	\$133.71
HyLife (prev. day)	\$135.01
Britco (prev. day)	\$131.29
TCP/BP2	\$133.71
BoC Rate (Noon) prev. day	
\$1.2472 CAD / \$.8018 USD	
Cash Prices Week Ending October 14, 2017	
Signature 3	126.90/57.56
Signature 4	132.39/60.05
Signature 5	129.65/58.81
h@ms Cash	128.15/58.13
HyLife	n/a
Britco	118.51/53.76
TCP/BP2	121.61/55.16
Year-to-Date Top-Up Estimate	
\$3.89/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 strengthen and have gained, on average, over a US\$1.00/cwt per day, an amount similar to that which was being lost on a daily basis just two weeks ago. With daily US hog slaughter topping 463,000 hogs, US packers are competing for the hog supplies which is expected to take the weekly US slaughter to a new all-time record this week. Hog numbers are up about 4% from levels seen at this time in 2016, which is consistent with the latest Hogs and Pigs report estimates. So far, wholesale pork prices have held firm under the weight of huge pork production with the latest export sales volumes showing an improvement from recent weeks coming in 12% larger than last year's levels. Mexico and Japan are the only major markets for US pork that bought more pork in the first week of October than year ago levels, while China and South Korea struggled to maintain volumes similar to last year. Near term forward prices are currently offered at a slight premium to the current cash market and represent fair value given the expectation of the record supply coming over the next 2 months.

Canadian delivered soymeal prices opened higher this morning. US soybean futures have backed off the initial rally yesterday which saw double digit gains by the close. Yield and ending stocks estimates were both within the range of pre-report expectations, but ultimately lower, relative to average guesses in yesterday's WASDE report. Yield was pegged at 49.5 bpa compared to the 50 bpa average estimate; ending stocks came in at 430 million bu. against the 447 million bu. average prediction. While the numbers were not enough to be considered drastically bullish, the market nonetheless responded (considering also strong demand and funds net short) and the net result for Canadian buyers of US meal was an increase of \$15 CAD/MT (spot) relative to yesterday's opening price.

US corn futures opened higher this morning. Follow-through support and strong demand for US corn was the rationale behind the move higher following the release of yesterday's WASDE report. That is, the report itself was neutral-to-bearish; production estimates were neutral (14.280 billion bu. compared to the 14.204 billion bu estimate), yield came in at 171.8 bpa which was higher than the upper 171.5 bpa estimate, and ending stocks were pushed to 2.340 billion bu. which, while within expectations, ultimately came in above the market's pre-report average estimate. On the other hand, weekly exports exceeded expectations which were between 800,000 and 1,100,000 MT, coming in at 1,593,200 MT which provided underlying support to the trade.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		127.65 131.19	127.59 135.35	132.66 143.80	144.36 147.35	146.68 154.82	154.57 154.69	157.27 169.46	167.38 178.90	170.68 175.66	172.99 175.51
Soymeal Wpg Delivered.	438	438	438	442	446	446					

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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