



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 20, 2017

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

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

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

US Slaughter	
465,000	Thursday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$64.07
National	\$64.96
Iowa/S. MN.	\$64.19
Signature 5	\$145.21
HyLife (prev. day)	\$142.75
Britco (prev. day)	\$146.49
TCP/BP2	\$145.21
<b>BoC Rate (Noon) prev. day</b>	
\$1.2478 CAD / \$0.8014 USD	
Cash Prices Week Ending October 21, 2017	
Signature 3	140.02/63.51
Signature 4	140.32/63.65
Signature 5	140.17/63.58
h@ms Cash	138.67/62.90
HyLife	n/a
Britco	128.60/58.33
TCP/BP2	129.65/58.81
Year-to-Date Top-Up Estimate	
\$3.70/ckg (call for details)	
ISO Weans	\$32.38 US Avg.
Feeder Pigs	\$43.14 US Avg.

**Forward contract prices opened mixed this morning.** US cash markets had a strong week as negotiated prices gained close to \$1.50USD/cwt per day, on average, far better than the seasonal tendency to move lower by about \$0.50 a day in this timeframe. Daily slaughter levels continue to hit new records and yesterday's kill was estimated by the USDA at 465,000 hogs. New production capacity is the prominent market factor contributing to the counter seasonal strength, but evidence suggests that domestic demand has also been very good. This week's US export sales report was consistent with the recent trend showing that volume to Asian destinations are down from year-ago, while Mexico is buying close to 12% more than the same week in 2016. The December and February lean hog futures contracts are less than \$1.00 USD/cwt away from contract highs which, when combined with the lowest Canadian Dollar seen in since August, represents an opportunity to hedge forward contract prices at some of the highest levels seen in months. Producers with less than 30% covered should consider adding some protection to the winter timeframe to mitigate the uncertainty that comes with record North American production levels.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher, but meal is trading lower this morning in a trade that has been two-sided and choppy all week. The latest WASDE report provided initial direction (higher), but since then, there has been no fundamental change in supply outlooks while the demand side has been somewhat supportive. In other news, an unexpected drop in retail sales as measured by Statistics Canada (when an increase was expected) pushed the CAD down 7/10ths of a cent as of this writing (compared to yesterday's close). While having a supportive impact on Canadian meal prices, the drop in the CAD has also prompted talk that the next interest rate increase will likely be pushed back which is subsequently pressuring CAD futures further out.

**US corn futures opened lower this morning.** US corn futures are finishing off the week lower following a trade that has bounced around in a tight trading pattern at the low end of the range. Earlier support has all but disappeared on thoughts that harvest pressure is being applied and anecdotal evidence that harvesting has been moving along nicely. There is no rain forecast in the corn belt so the broad expectation is that harvest progress will show some good numbers in next week's report on Monday. There is talk the Trump Administration is directing EPA officials to 'stand down' on its earlier plan to weaken the biodiesel mandate which, while more so supportive to soy oil, could also support renewable energy markets in general.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		133.56 135.72	133.50 141.33	136.14 147.38	147.95 150.97	149.65 157.42	127.28 157.40	158.03 170.35	168.24 179.88	169.79 174.78	170.28 172.80
Soymeal Wpg Delivered.	426	429	429	434	438	438					

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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