Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 23, 2017

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

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

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

Daily Prices	
W. Corn Belt	$64.98
National	$65.67
Iowa/S. MN.	$65.21
Signature 5	$148.49
HyLife (prev. day)	$144.22
Britco (prev. day)	$150.28
TCP/BP2	$148.48

BoC Rate (Noon) *prev. day*
$1.2601 CAD / $0.7936 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	140.91/63.92
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	$35.93 US Avg.
Feeder Pigs	$47.78 US Avg.

Forward contract prices opened higher this morning. *US hog markets performed very well in last week's trade with cash hog and wholesale pork prices trading at their highest levels in more than a month. Cash hog prices made a counter seasonal gain of nearly 5% as packers continue to see increased competition with the addition of the two new plants that continue to ramp up to full production. Daily hog slaughter reported by the USDA suggests that the new plants are more than half way to their reported single shift capacities of 10,000 hogs (Michigan) and 12,000 hogs (Iowa). Lean hog futures remain modestly optimistic about the price trend in the next 4 months with the December and February contracts holding a premium of $1.00 and $5.00 USD/cwt respectively. The February contract broke into new contract highs in early morning trading which represents a rally of 13% over the last month. Producers should watch for any trend changes in the price of wholesale pork as leading indicators for US futures and Canadian forward contract price movements; further gains are likely contingent on continued strong pork demand.*

Canadian delivered soymeal prices opened lower this morning. *There is talk that up to 3 inches of rain in parts of the Midwest slowed harvest this weekend, but the impacts of the past two days' slower harvest will not likely be fully reflected in today's Crop Progress report. Regardless, harvest pressure will be felt a little-less-so as the trade usually responds to actual and expected crop movements as the harvest progresses; the Crop Progress report is just one of many sources of information, and the expectation is that good numbers will be released today following the recent bout of dry(er) weather last week. Supportive elements include thoughts that the EPA will abandon weakening the biofuels mandate and higher than expected palm oil consumption.*

US corn futures opened higher this morning*. Like beans, recent rainfall is expected to have slowed harvest progress over the weekend. However, the recently dry weather is thought to have allowed harvest pace to ramp up over the past week and today's Crop Progress report will confirm or refute the assumption. While futures contracts are trading higher this morning, a slower harvest is thought to be contributing very little to the action. Instead, there are thoughts that the EU could import more US corn as a previous major supplier (Ukraine) deals with some political uncertainty. And while China imports very little US corn comparatively, there is evidence imports to the country (in total) are up 24% compared to last year where a slow harvest pace has been cited as likely rationale.*

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		134.57	134.50 142.37	137.06 148.33	148.90 151.93	150.79 158.58	158.36 158.47	159.11 171.46	169.35 181.02	172.17 177.22	172.63 175.17
Soymeal Wpg Delivered.	425	428	428	432	436	436					

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