Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 26, 2017

h@ms MARKETING SERVICES

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

Hog Prices: ↑ *Soymeal:* ↓

Corn: ↑ *CDN Dollar:* ↓

US Slaughter	
462,000	Wednesday
425,000	Year Ago

Daily Prices	
W. Corn Belt	$65.68
National	$68.29
Iowa/S. MN.	$65.69
Signature 5	$154.27
HyLife (prev. day)	$152.22
Britco (prev. day)	$153.43
TCP/BP2	$154.27

BoC Rate (Noon) *prev. day*
$1.2771 CAD / $0.7830 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 cash markets have cooled from the higher trend experienced over most of October with recent cash bids near steady with levels seen earlier this week. Hog supplies have increased to a point where packer demand is easily met, but as the new plants continue to ramp up to full production levels, some plants may operate at less than full capacity. Wholesale pork prices have been supportive to the cash hog market with all cuts making a positive contribution to the value of the pork cutout. Most notably, pork bellies have seen their free-falling values find support and even recover to the benchmark of US$100/cwt. With only a month before the largest weekly slaughter levels of the year are seen, wholesale pork is moving well within the domestic market; US consumers are buying more, even at higher prices. However, export markets struggle to maintain any year over year growth with the latest weekly pork export sales showing a 5% decline from the same week last year.*

Canadian delivered soymeal prices opened higher this morning. *Export sales for the period between October 13th -19th, in a report released this morning, was supportive for the US soybean futures trade at opening. The report has shown 2.129 MT in sales were made for 2017/18 against the market's projection for between 1.2 and 1.6 MMT, far exceeding expectations. However, the market has since turned around and is trading mixed as of this writing which has been commonplace in a trade that has been recently described as two-sided and choppy. Some days, the fundamental news is dominant; other days, technical rationale and managed money repositioning moves the market. In other news, yesterday's drop in the CAD has 'added' between $5 and $8 CAD/MT for Canadian meal buyers depending on the contract month.*

US corn futures opened higher this morning*. Like beans, US corn exports came in higher than expectations but only slightly more than the projected upper estimate. The USDA pegged sales for last week at 1.288 MMT against pre-report expectations coming in between 0.8 and 1.2 MMT. However, the news has not been enough to break the trade from upper end of the current range. Massive domestic supplies are currently capping the upside potential; and while there is talk of lowering global stocks, there is no concrete news that the US can take advantage of new export opportunities at this time. As well, and despite the lackluster harvest pace so far, harvest pressure will have an impact on the trade as producers shift focus from beans to corn.*

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		136.04	135.79 143.95	140.79 152.22	152.80 155.87	155.22 163.12	162.69 162.80	162.46 174.97	172.82 184.64	175.95 181.07	176.34 178.93
Soymeal Wpg Delivered.	431	434	434	440	447	447					

h@ms 2017 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
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