Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 30, 2017

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

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

US Slaughter	
2.526 mil.	Last Week
2.407 mil.	Year Ago

Daily Prices	
W. Corn Belt	$63.86
National	$69.49
Iowa/S. MN.	$63.87
Signature 5	$154.75
HyLife (prev. day)	$156.93
Britco (prev. day)	$150.38
TCP/BP2	$154.75

BoC Rate (Noon) *prev. day*
$1.2874 CAD / $0.7768 USD

Cash Prices Week Ending October 28, 2017	
Signature 3	151.96/68.93
Signature 4	151.92/68.91
Signature 5	151.94/68.92
h@ms Cash	150.43/68.23
HyLife	152.36/69.11
Britco	143.33/65.01
TCP/BP2	140.17/63.58

Year-to-Date Top-Up Estimate
$3.71/ckg (call for details)

ISO Weans	$37.77 US Avg.
Feeder Pigs	$50.26 US Avg.

Forward contract prices opened mostly higher this morning. *US negotiated cash markets finished last week on a weaker note with Iowa/S. Minnesota prices reported $1.50 USD/cwt lower than Thursday's trade. Last week's estimated 2.526 million hog slaughter was second only to a similar week in December of last year. US packer operating margins are still very profitable, albeit at only half of the levels seen last year which have been estimated around $30 USD/hog. Underpinning packer profitability has been wholesale pork prices that have strengthened over the last two weeks, a trend that is uncharacteristic of October considering the usually abundant supply. The support to pork prices has come largely from the domestic market, as recent weekly pork exports have been somewhat disappointing and lower than levels seen at this time last year. Lean hog futures are starting this week near steady with traders cautiously optimistic that cash hog prices will continue to their firm trend, in large part, due to the added competition created by the new slaughter facilities in Iowa, Michigan and Minnesota.*

Canadian delivered soymeal prices opened even this morning. *Crop progress is expected to come in near 85% in today's crop progress update, but the pressure from the harvest itself will soon subside as the final yield estimates become clearer. There is talk that China is not slowing down its bean appetite and the large volumes of soybeans that are entering the county are being crushed and/or otherwise utilized; demand (and usage) indicators remain robust. While S. American farmers were reluctant at first to plant into dry soil, Brazil farmers (for example) are thought to be 30% planted which comes in near the average pace for this time of year. However, there is a lot of time between now and harvest and there are some areas where growing conditions have been less than ideal.*

US corn futures opened lower this morning*. US corn futures remain under pressure despite drifting higher earlier last week. Corn ultimately settled at $3.48 USD/bu. by Friday which is nearly where it begins this week's trade. Large supply in the US and weather in S. America, that while challenging is in no crisis yet, has added to the pressure. So too has comments suggesting that US corn prices will likely remain in the $3.50 USD/bu. range until demand picks up again. The idea is that corn prices are not low enough in the current environment to spur demand, and although there is evidence wheat is starting to get some attention, corn levels have not yet reached the point for significant increases in international demand.*

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			135.71 143.71	141.98 153.44	154.02 157.10	155.94 163.74	163.79 163.68	163.38 175.94	173.79 185.65	176.09 180.98	175.97 178.56
Soymeal Wpg Delivered.	427	430	430	435	439	439					

h@ms 2017 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
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