



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 31, 2017

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets started the week with higher bids as disruption continues within the hog marketing channels of independent hog producers. The addition of three new plants this year has contributed some volatility to cash hog markets as producers attempt to maximize their hog sales revenue. Wholesale pork prices were stronger to start this week with the pork carcass cut-out gaining \$1.00 USD/cwt in yesterday's trade. All the primal cuts made positive contributions except for pork loins, which dropped close to \$2.00 USD/cwt. Pork loins make up a larger part of the pork sold into Asia, and with China and South Korea's pork volumes dropping recently, loin prices may be reflecting this reality. Lean hog futures continue to see support, especially in the spring and summer timeframes; the spring/summer contracts have made new contract highs in six of the last seven trading days.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading in a mixed and choppy pattern. The USDA showed that harvest came in at 83% complete compared to an 85% pre-report expectations and an 84% 5-year average. While a lower-than-expected number usually adds support, the report's number in the context of current market conditions is close enough to expectations (and the average) to be considered neutral. There is talk of a favourable shift in S. American weather that is adding pressure. In other news, the Canadian dollar moved a ½ cent USD lower in the early morning trade on weaker than expected GDP numbers. However, softness in meal has mostly offset the CAD's move and Canadian have moved only modestly higher compared to yesterday.

US corn futures opened lower this morning. The US corn harvest is still considered way behind the average pace, but even the slow harvest has not been enough to lend support. A 16% increase in progress over the previous week is not nothing, but the consistently slow US corn harvest will likely need a couple weeks seeing 20%+ back-to-back weeks in order to catch up. The USDA has pegged corn at 54% harvested on October 29 compared to a 72% 5-year average. However, the market has shrugged off the news and continues to trade under pressure. Rumors are this is due to an expectation that the USDA will raise yield numbers by as much as 3 bpa(!) in the November WASDE report and continuing anecdotal evidence that yields have been better than expected.

US Slaughter	
443,000	Monday
461,000	Year Ago
Daily Prices	
W. Corn Belt	\$64.58
National	\$69.25
Iowa/S. MN.	\$64.64
Signature 5	\$154.88
HyLife (prev. day)	\$156.95
Britco (prev. day)	\$151.76
TCP/BP2	\$154.88
BoC Rate (Noon) prev. day	
\$1.2837 CAD / \$0.7790 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.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			138.69 146.71	144.82 156.32	156.90 159.99	157.25 165.07	165.06 164.95	164.09 176.69	174.53 186.44	177.67 182.58	177.78 180.38
Soymeal Wpg Delivered.	428	431	431	436	440	440					

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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