



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 07, 2017

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

www.hamsmarketing.ca

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

Forward contract prices opened mixed this morning. US cash markets continued their lower trend in yesterday's trade, with most regions reporting negotiated prices down close to \$1.00/cwt. Negotiated prices have fallen over the last week in spite of moderating hog slaughter levels, which, for last week's trade, were lower than year ago levels. Packer operating margins remain very profitable, with gross margins estimated at nearly \$40 per hog, but over the last two weeks packers have not been utilizing all of their capacity. There is growing concern over US pork exports, as the weekly sales data (excluding Mexico and Canada) for the last month is down nearly 20% from year ago. Packers will compete heavily if the pork is moving to consumers, but not if the product is simply moving into storage. Summer month forward contract prices have appreciated by more than \$10/ckg over the last 3 weeks, despite weaker near term cash market fundamentals.

Canadian delivered soymeal prices opened higher this morning. According to the USDA, the US soybean harvest progressed 7% last week to bring the total to 90% harvested compared to 83% last week. This brings this year's total within the 5-year average pace which is 91% for this time of the year. As such, Thursday's WASDE report will likely influence the market to price in the WASDE yield number on Thursday; that is, observing that the vast majority of the crop is harvested, the remaining 10% of the crop would need to see extensive deviations from the current trend to move the market either higher or lower on harvest uncertainty. On that note, the average yield estimate for Thursday's report is coming in at 49.2 bpa, the second highest yield on record going back to 2010.

US corn futures opened lower this morning. There is talk more resources were put into the corn harvest last week as farmers advanced 16% on average bringing the harvest to 70% complete up from 53% last week. The harvest pace is still considered behind compared to an 83% 5-year average. With 30% left to go, there still is a bit more uncertainty with final yield as compared to soybeans, for example; anecdotal reports suggest yields are not as strong as the harvest moves northward. As long as frost damage can be kept at bay, the outlook for average corn yield could be exceptional and like beans, the second highest going back to 2010. Yields have been raised 4x and lowered 3x in the November report over the past seven years.

US Slaughter	
460,000	Monday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$61.13
National	\$69.31
Iowa/S. MN.	\$61.22
Signature 5	\$149.81
HyLife (prev. day)	\$155.69
Britco (prev. day)	\$142.71
TCP/BP2	\$149.81
BoC Rate (Noon) prev. day	
\$1.2746 CAD / \$.7846 USD	
Cash Prices Week Ending November 04, 2017	
Signature 3	150.49/68.26
Signature 4	159.16/72.19
Signature 5	154.83/70.23
h@ms Cash	153.33/69.55
HyLife	157.94/71.64
Britco	151.90/68.90
TCP/BP2	151.94/68.92
Year-to-Date Top-Up Estimate	
\$3.73/ckg (call for details)	
ISO Weans	\$41.95 US Avg.
Feeder Pigs	\$53.78 US Avg.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		136.25 141.49	144.44 155.86	156.44 159.50	157.61 165.39	165.32 165.44	166.94 179.46	177.31 189.14	179.03 183.88	178.69 181.25
Soymeal Wpg Delivered.	427	430	437	441	441	448				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

Forward contracting will be closed Friday, November 10 in lieu of Remembrance Day.
The HMO and Opening Price reports will subsequently not be published.
Forward contracting ability will resume on Monday, November 13.