



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 08, 2017

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

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

## US Slaughter

460,000 Tuesday  
445,000 Year Ago

## Daily Prices

W. Corn Belt \$60.09  
National \$69.62  
Iowa/S. MN. \$60.18  
Signature 5 \$149.41  
HyLife (prev. day) \$156.18  
Britco (prev. day) \$140.72  
TCP/BP2 \$149.41

BoC Rate (Noon) prev. day  
\$1.2785 CAD / \$0.7822 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.

**Forward contract prices opened mixed this morning.** US cash markets continued their lower trend in yesterday's trade with the regionally negotiated prices dropping about \$0.75 USD/cwt. Most packers have their bids just over \$60 USD/cwt which is near the lowest level experienced over the last 3 weeks. However, wholesale pork prices remain strong as the pork carcass cut-out value continues to climb and, in fact, surpass levels last seen two months ago. The result is a significant improvement in packer operating margins which should provide support to cash prices over the next month. Critical to maintaining support in cash hog prices is firm export demand which has been a problem in recent months. September export volumes were down compared to year ago levels in Mexico, Japan and China, while sales to South Korea and South and Central America provided a positive offset.

## Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading higher on evidence of continuing robust demand and some potentially bullish USDA numbers ahead of tomorrow's WASDE report. While below expectations, imports to China in October were still 12% higher than last year coming in at 5.86 MMT. Of course, not all those beans originated in the USA, but there is still optimism for demand from the region. Looking to tomorrow, there are expectations for yield reductions in the November WASDE report. However, even if the Nov. estimate comes in at the lower end of current expectations (48.5 bpa), it would still represent the second highest yield on record and the 4th largest ending stocks (341 million bu.) going back to 2010.

**US corn futures opened lower this morning.** Even though the US corn harvest is behind the pace (normally supportive), there are expectations that tomorrow's WASDE report will show raised yields and potentially add pressure. If farmers struggle to beat the weather, the final yield could be reduced; it has been noted that yield is tapering off as the harvest moves northward. In the meantime, average yield estimates are as high as 174 bpa supporting the earlier notion that production was/is better than expectations given the earlier weather issues. Private estimates ahead of the WASDE report show more than 2 billion bu. in ending stocks; the current 'low' estimate suggests 2.361 bu in ending stocks are possible.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		135.18 140.39	140.71 152.06	152.64 155.69	155.07 162.80	162.60 162.71	164.89 177.33	175.20 186.96	179.78 184.66	180.13 182.70
Soymeal Wpg Delivered.	424	427	435	439	439	446				

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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.