



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 13, 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 held a steady trend in last week's trade with negotiated bids hovering around \$60 USD/cwt despite moderating hog supplies. Last week's slaughter was estimated by the USDA at 2.495 million hogs which still represents the largest slaughter for this time of year. However, the size of the weekly slaughter was only 1.5% higher than year ago levels and well below the expectations for a 3.9% increase based on the last Hogs and Pigs report. Pork prices remain firm as ham and belly prices continue to support the carcass cut-out in what has been a supportive counter-seasonal trend. Lean hog futures are seeing a divergence in trends with the nearby contract coming under selling pressure, but the deferred months recovering to near contract highs in Friday's trade. The fundamental factors that are at play are the record supply, sluggish export volumes, and the impact of the two new plants on packer margins.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower to start the week and are consolidating at the lower end of the recently established range. Last week's WASDE report showed only modest increases in bean yield estimates compared to pre-market assessments (49.5 bpa compared to 49.3 bpa; no change compared to October) and absolutely no change in ending stocks compared to the market's pre-report average guess. Ending stocks were lowered, however, relative to the October report, but only by 5 million bu on a slightly reduced production expectation. While under pressure 'domestically', ongoing weather concerns in S. America and strong Chinese demand are supportive.

US corn futures opened lower this morning. US corn futures remain under pressure after a decisively bearish, November WASDE report. Recall that the 'high' yield pre-report estimate was at an exceptional 174 bpa, but the WASDE report came in at 175.4 bpa (!), representing a new record and a number not even hinted at in the pre-report estimates. One analyst stated "...it's a good thing it didn't rain west of the Missouri or we'd really be swimming in the stuff". The sentiment, of course, is that maybe the USDA is a bit high in this report despite numbers that will remain official for now. Ending stocks are subsequently higher, vastly outpacing the average guess and surpassing the high estimate coming in at 2.487 billion bu.(!).

US Slaughter	
2.495 mil.	Last Week
n/a	Year Ago
Daily Prices	
W. Corn Belt	\$59.90
National	\$68.42
Iowa/S. MN.	\$59.94
Signature 5	\$146.64
HyLife (prev. day)	\$152.84
Britco (prev. day)	\$139.00
TCP/BP2	\$146.64
BoC Rate (Noon) prev. day	
\$1.2683 CAD / \$.7885 USD	
Cash Prices Week Ending November 11, 2017	
Signature 3	141.86/64.35
Signature 4	156.80/71.12
Signature 5	149.33/67.74
h@ms Cash	147.83/67.06
HyLife	155.39/70.48
Britco	149.15/67.65
TCP/BP2	154.83/70.23
Year-to-Date Top-Up Estimate	
\$3.81/ckg (call for details)	
ISO Weans	\$42.64 US Avg.
Feeder Pigs	\$55.12 US Avg.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		131.07 136.28	139.56 150.90	151.47 154.52	153.94 161.66	161.36 161.47	165.65 178.07	175.94 187.67	178.92 183.76	175.89 181.82	154.75 168.43	152.40 156.17
Soymeal Wpg Delivered.	429	429	433	438	438	444						

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.



Thursday, December 14
Keystone Centre - Brandon, MB
10:00 AM to 4:30 PM

Exhibitor Booths
Luncheon (\$12/meal)
Pork Quality Competition