

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 14, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

## US Slaughter

|         |          |
|---------|----------|
| 464,000 | Monday   |
| 438,000 | Year Ago |

## Daily Prices

|                    |          |
|--------------------|----------|
| W. Corn Belt       | \$58.92  |
| National           | \$67.68  |
| Iowa/S. MN.        | \$58.93  |
| Signature 5        | \$144.67 |
| HyLife (prev. day) | \$151.08 |
| Britco (prev. day) | \$136.70 |
| TCP/BP2            | \$144.67 |

**BoC Rate (Noon) prev. day**  
\$1.2683 CAD / \$0.7885 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.

**Forward contract prices opened lower this morning.** US cash markets started this week on a similar trend to last week with negotiated prices down \$0.60 - \$0.75 USD/cwt in the regional markets. Yesterday's hog slaughter was estimated at 464,000 hogs representing one of the largest Monday kills so far this fall, but the longer term trend puts the slaughter only about 2% larger than year ago levels. It's possible that packers are holding back on utilizing all their processing capacity in an effort to influence their operating margins. Recent hog carcass weight data supports this idea as average weights have been running more than 2 lbs. heavier than year ago levels. Winter month forward prices have been on a weakening trend with cash market factors influencing prices lower. However, spring and summer contracts continue to trade near their highest levels as competition between plants will heat up when hog numbers moderate. Producers looking to start getting protection in the summer months can target levels \$10 CAD/ckg higher than current prices for the April - July timeframe.

## Canadian delivered soymeal prices opened lower this morning.

Pressure remains on the US soybean futures trade after it had been revealed yesterday that beneficial weekend rain in large production areas of Brazil has alleviated some concern over dryness in the region. The 10-day forecast is also showing improving weather patterns. Large supplies and a stabilizing growing situation south of the equator have pressured the nearby contracts, but the market appears less eager to discount deferred contracts, likely, on strong demand expectations. Thought are demand will ultimately come from China, but there is evidence current demand has shifted to S. America for now, hence the pressure seen in the nearby contracts.

## US corn futures opened lower this morning.

Without some new fundamental development, US corn futures continue to trade under pressure; the USA has a lot of domestic corn. Having said that, there is talk that the trade may be approaching a 'bottom' and even one analyst has suggested the near-term equilibrium may be soon revealed considering the record exports from the US over the previous year. Weather improvements in S. America have also contributed to the pressure. Unlike last week, yesterday's export sales numbers did little to support, coming in at a 'disappointing' 376,000 MT compared to last week's 2.346 MMT which has all-but-completely quieted 'Mexico stockpiling' talk.

| Fixed Forward Range (at opening) | Nov | Dec              | Jan              | Feb              | Mar              | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              |
|----------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5               |     | 130.12<br>135.35 | 137.53<br>148.91 | 149.48<br>152.54 | 152.84<br>160.59 | 160.01<br>160.13 | 164.94<br>177.38 | 175.25<br>187.00 | 178.50<br>183.36 | 175.57<br>181.52 | 153.78<br>167.86 | 151.33<br>155.10 |
| Soymeal Wpg Delivered.           | 425 | 425              | 430              | 434              | 434              | 441              |                  |                  |                  |                  |                  |                  |

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**Thursday, December 14**

**Keystone Centre - Brandon, MB**

**10:00 AM to 4:30 PM**

**Exhibitor Booths**

**Luncheon (\$12/meal)**

**Pork Quality Competition**