



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 15, 2017

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

www.hamsmarketing.ca

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

US Slaughter

465,000 Tuesday
439,000 Year Ago

Daily Prices

W. Corn Belt \$58.73
National \$67.86
Iowa/S. MN. \$58.78
Signature 5 \$145.22
HyLife (prev. day) \$151.48
Britco (prev. day) \$136.88
TCP/BP2 \$145.22

BoC Rate (Noon) prev. day
\$1.2733 CAD / \$0.7854 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 negotiated hog prices were slightly lower in yesterday's trade amid one of the largest single-day slaughter levels seen so far this fall. Prices have dropped approximately 10% in value since the recent highs were reached in mid-October. However, wholesale pork prices have traded firm over the last month which resulted in an improvement to pork packer margins. The December and February lean hog futures contracts suffered a sharp downturn in yesterday's trade, losing more than \$2.00 USD/cwt or close to 4% of their value. The spring and summer month contracts were also sharply lower, losing all the gains made over the last two weeks. Traders are seeing uncertainty in hog markets with abundant supplies and sluggish export volumes being offset by the intangible support from increased packer competition. No changes are currently recommended in spring and summer target prices, but producers may have to be more patient with achieving their 2018 price protection.

Canadian delivered soymeal prices opened higher this morning. Like US corn futures, US soybean futures have been under pressure on ideas that supply will not be at issue provided the improving South American weather situation maintains itself and thoughts that demand from the US (specifically) is waning in the short term. Unlike corn, US funds are nowhere near a net-short record and there is some optimism that demand (and prices) will pick up. For now, the bean trade will attempt to define a near-term bottom which could be developing. As of this writing, US soybean futures are trading higher (near the bottom of the recently established range) after three straight sessions of losses. China has indicated yesterday it will import 3% more beans (all sources) in 2017/18 than last year.

US corn futures opened higher this morning. Not long ago, \$3.50 USD/bu. was considered a psychological support level, and for a while, it remained in place. However, following multiple bearish WASDE reports and ideas that the national yield will eclipse 175 bpa for the first time ever (not to mention a recent improvement in South American weather), December corn is now trading in the \$3.30s (USD/bu.). The March contract (and onward) is still supported above \$3.50, but there is a lot of time between December and March. In the meantime, the market is looking for a bottom as the fund net-short position approaches 280,000 lots (estimated), passing the record 265,394 net-short set in March 2016.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		128.18 133.42	134.17 145.57	146.14 149.20	149.78 157.54	157.44 157.55	162.80 175.29	173.15 184.96	175.85 180.70	173.21 179.17	151.58 165.66	149.12 152.90
Soymeal Wpg Delivered.	427	427	431	435	435	442						

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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