



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

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 21, 2017

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Forward contract prices opened higher this morning. US cash markets started the week lower with most negotiated prices down between \$0.50-\$1.00 USD/cwt. US packers have been filling their plants easily on weekdays with the average daily slaughter running at 465,000 hogs. The slack in US capacity 'shows up' on Saturdays where recent hog slaughter has been consistently lower than 200,000 hogs. Packers have chosen a production level that does not have them aggressively chasing hogs for a larger weekend kill which has resulted in packer operating margins that are very profitable and still above the 5-year average, albeit down sharply from the record high levels seen last year. Spring and summer month lean hog futures benefited from a strong recovery in yesterday's trade, but are still down about \$2.00 USD/cwt from the recent highs experienced early last week.

Canadian delivered soymeal prices opened higher this morning. January soybean futures have see-sawed back and forth between higher and lower openings over the past couple sessions with no apparent direction. Such is the case when the fundamentals remain basically unchanged; harvest is essentially completed, the market 'knows' there are currently a lot of beans available, and the demand situation has been fairly static. Now, there is some optimism for slightly lower production out of South America and the US is expected to pick up a larger global share of exports for at least next year if S. America struggles with production. In the meantime, the trade is two-sided and choppy, and trading in the mid to lower established range.

US corn futures opened lower this morning. Yesterday, the USDA pegged the US corn harvest at 90% implying the harvest is all but complete. This suggests that if the USDA is also correct in its yield estimate, the market will have to contend with record yield and ending stocks estimates. Like beans, corn is trading at the lower end of the range in a two-sided and choppy pattern. The market is waiting for any news to provide direction, but nothing of substance has materialized yet. In the meantime, the market is expected to look to S. America weather updates for clues on fundamental direction and any changes to the large funds' current record net-short position.

US Slaughter	
465,000	Monday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$56.37
National	\$65.87
Iowa/S. MN.	\$56.31
Signature 5	\$140.88
HyLife (prev. day)	\$148.20
Britco (prev. day)	\$131.75
TCP/BP2	\$140.88
BoC Rate (Noon) prev. day	
\$1.2793 CAD / \$0.7817 USD	
Cash Prices Week Ending November 18, 2017	
Signature 3	136.78/62.04
Signature 4	153.04/69.42
Signature 5	144.91/65.73
h@ms Cash	143.41/65.05
HyLife	150.81/68.41
Britco	140.67/63.81
TCP/BP2	149.33/67.74
Year-to-Date Top-Up Estimate	
\$3.90/ckg (call for details)	
ISO Weans	\$47.06 US Avg.
Feeder Pigs	\$56.21 US Avg.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			137.04 148.42	148.99 152.05	151.71 159.46	159.19 159.31	162.64 175.10	172.97 184.74	176.16 181.05	172.69 178.67	150.94 165.11	148.46 152.25
Soymeal Wpg Delivered.	437	437	441	446	446	449						

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Risk Management will be closed Thursday, November 23 for US Thanksgiving; US markets are closed. The HMO and Opening Price reports will subsequently not be published. Trading will close one hour early on Friday, November 24. The main office remains open all week.