

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 27, 2017

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

www.hamsmarketing.ca

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

US Slaughter

2.163 mil Last Week
2.152 mil. Year Ago

Daily Prices

W. Corn Belt	\$57.69
National	\$65.37
Iowa/S. MN.	\$57.83
Signature 5	\$140.92
HyLife (prev. day)	\$146.28
Britco (prev. day)	\$134.41
TCP/BP2	\$140.92

BoC Rate (Noon) prev. day
\$1.2708 CAD / \$0.7869 USD

Cash Prices Week Ending November 25, 2017

Signature 3	132.76/60.22
Signature 4	149.25/67.70
Signature 5	141.00/63.96
h@ms Cash	139.50/63.28
HyLife	147.55/66.93
Britco	135.66/61.53
TCP/BP2	144.91/65.73

Year-to-Date Top-Up Estimate

\$3.99/ckg (call for details)

ISO Weans \$51.73 US Avg.

Feeder Pigs \$63.92 US Avg.

Forward contract prices opened mixed this morning. US cash markets are expected to open steady to lower this week with packers having no difficulty sourcing the supplies they need to meet their plant operating needs. Last week's holiday had the effect of cutting the week's hog slaughter by about 12% from recent weekly totals, leaving the balance of power (in the live hog market) in favor of the packers. Critical to avoiding a further decline in live hog prices, wholesalers (pork prices) will need to provide some feedback to packers that demand is keeping up with supply. The last Cold Storage Report showed a slight build up in supplies and could be an indicator that wholesale pork prices will need to fall in order to keep clearing the market, especially for the sluggish export sector. Lean hog futures opened steady to slightly higher this morning with the nearby contracts experiencing the largest gains. Should the spring and summer contracts climb by about \$1.00 USD/cwt (i.e. back to their previous contract highs), price protection on as much as 1/3 of May – August production would be reasonable.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are starting the week off higher and are maintaining an upward trend session over session. There have been some 'corrections' since mid August (notably around the same time the monthly WASDE reports are released), but the trend has been to move higher since last summer. Lower acreage estimates in S. America are supportive and there is still a bit of a weather premium built in despite improving growing conditions in the south. The pull-back in export sales last week is setting the tone on top of thoughts that Chinese buyers are looking to S. America (over the US) for purchasing plans in the short term. Today's export sales report could provide direction for the week.

US corn futures opened lower this morning. Unlike beans, pressure remains on the US corn futures trade amid an abundance of the US crop. Last week's export sales showing numbers above 1 MMT for the first time in months was briefly supportive, but subsequent export sales will need to build on that number week over week if any substantive supportive momentum is to be developed. US corn futures have been in a steady declining trend since the beginning of September and there is no consensus on forward looking direction currently. US corn very much needs steady demand for any confidence to return to the market and improving weather in S. America will continue to add pressure in the short term.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			140.14 151.49	152.06 155.11	154.95 162.68	162.51 162.63	165.95 178.39	176.26 188.01	178.76 183.61	175.83 181.78	153.63 167.70	151.10 154.88
Soymeal Wpg Delivered.	449	449	453	458	458	461						

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