

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, August 26, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
426,000	Thursday
429,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$61.91
National	\$67.95
Iowa/S. MN.	\$61.98
Signature 3	\$146.81
HyLife	\$154.75
TCP/Britco	\$146.65
Sig 3 4-Month Fwd.	\$125.54
BoC Rate (Noon) prev. day \$1.2937 CAD / \$0.7730 USD	
Cash Prices Week Ending August 27, 2016	
Signature 3	148.94/67.56
h@ms Cash	147.44/66.88
HyLife	n/a
TCP/Britco	150.70/68.36
ISO Weans	\$20.76 US Avg.
Feeder Pigs	\$27.73 US Avg.
#1 Export Sows (+500lbs.) \$56.00/cwt. (Tagged)	

Forward contract prices opened higher this morning. US cash markets remain under pressure amid abundant hog supplies. This week's slaughter is on pace to exceed 2.3 million hogs which would result in a 3.4% increase over the same week last year. As hog carcass weights are running at more than one pound lighter than year ago levels, producers appear to be current with their marketings. The recent surge in supplies may be temporary; it is possible that earlier over breeding (in order to deal with the faulty semen extender issue 10+ months ago) led to a bulge in hog supplies. Lean hog futures are experiencing increased volatility finishing this week with sharp losses in yesterday's trade only to be erased by equivalent gains this morning. Technical indicators are still largely bearish, but yesterday's declines triggered a significant number of 'buy' orders which led to the sharp rally in this morning's trade. Today's rally in the winter month forward contract prices is a good pricing opportunity to 'top up' your Nov-Dec contracts and get protection in the Jan – Mar timeframe that will be dealing with the lingering effects of record pork production.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher, mostly on outside market strength that developed in the overnight session. As well, there is a major symposium in the US that will be closely watched by traders as Federal Reserve Chair Janet Yellen is expected to outline some policy direction. What is said, or not said, could add volatility to today's trade (speaking commenced mid-trade at 10:00AM, Eastern), although there is already speculation that she will indicate interest rates will not be raised in September. Returning to beans, production outlooks remain large and a 50-51 bpa yield is not being ruled out. Export sales remain strong, but cumulative new crop sales are behind the average pace by about 4%.

US corn futures opened mixed this morning. Like beans, the US corn trade is moving higher on market forces residing outside the fundamental indicators. New crop export sales are behind by 4% and large volumes of corn are expected from the US this year suggesting more pressure should be felt. However, there are a lot of events taking place that could influence some uncharacteristic movements. The Pro Farmer crop tour reports have been described as mixed adding to some uncertainty; and the announcement by Janet Yellen today, while not impacting corn directly, will likely influence the trade if other commodity traders reposition themselves significantly.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3			135.90 137.08	114.94 130.89	116.71 122.62	119.20 127.47	132.19 133.37	134.79 135.97	138.92 151.61	154.02 167.04	163.49 171.18
Maple Leaf Sig. #5			137.53 138.34	120.92 135.18	120.80 126.32	122.90 128.83	133.01 136.27	137.54 138.71	141.19 152.13	152.92 167.71	164.33 169.41
Soymeal Wpg Del.	463	463	458	454	454	450					
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

