

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, September 02, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
436,000	Thursday
431,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$59.81
National	\$66.63
Iowa/S. MN.	\$60.16
Signature 3	\$143.69
HyLife	\$153.90
TCP/Britco	\$144.21
Sig 3 4-Month Fwd.	\$129.06
BoC Rate (Noon) prev. day \$1.3107 CAD / \$0.7630 USD	
Cash Prices Week Ending September 3, 2016	
Signature 3	144.29/65.45
h@ms Cash	142.79/64.77
HyLife	154.07/69.89
TCP/Britco	147.70/67.00
ISO Weans	\$19.52 US Avg.
Feeder Pigs	\$29.71 US Avg.
#1 Export Sows (+500lbs.) \$52.00/cwt. (Tagged)	

Forward contract prices opened higher this morning. US cash markets are finishing this week steady and near where they started with firm pork product values contributing to the support. This week's slaughter is anticipated to be near 2.28 million hogs when tomorrow's partial schedule is counted, which would represent more than a 3% increase in hog slaughter over the same week last year. The price trend in August has been contradictory, with early weeks experiencing large declines when production was lower and late weeks holding firm, even as production increases have exceeded seasonal norms. Even more supportive has been the counter seasonal move in the October and December lean hog contracts that have rallied more than \$4.00/cwt or about 7% since last week. This has provided a second chance at hedging the fall and winter months in order to avoid the impact of record large pork, beef and chicken production. Producers who are already fully covered for the remainder of 2016, should shift their focus to the first 3 months of 2017 with the goal of covering half of their production when prices may come under more pressure in order to clear all of the accumulated meat inventory.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher heading into the Labour Day long weekend. Technical indicators remain near (or in) oversold territory suggesting the market would be poised for a recovery provided some rationale develops. The combination of short covering ahead of the long weekend coupled with crush data that was modestly higher than expectations appears to be enough for some short term support, but the USDA did note that crush for the year will likely come in 10 million bu. short of the annual estimate suggesting more pressure is on the horizon from that sector. Over the past three sessions, beans have initially opened higher, but closed lower on the day. Fundamental supply outlooks remain bearish.

US corn futures opened higher this morning. Like beans, there is talk US corn futures are poised for some short covering ahead of the long weekend. The extremely oversold condition in the market is also prompting talk that the trade is due for a recovery bounce. Also like beans, the market may have turned to the USDA's Grain Crushing report released yesterday showing ethanol production came in higher than expectations. Not much else would rationalize a move higher as supply estimates remain large despite chatter that the USDA's current 175.1 bpa yield estimate is a bit too ambitious. September's WASDE report on the 12th will be watched very closely to see how much the USDA changes the yield estimate.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		141.56 142.75	118.06 134.16	119.85 125.81	121.55 129.90	134.67 135.86	136.46 137.65	140.63 153.04	154.95 168.06	164.48 172.23
Maple Leaf Sig. #5		143.13 143.96	124.06 138.46	123.95 129.51	125.27 131.26	135.48 138.77	139.24 140.41	142.93 153.56	153.84 168.74	165.34 170.45
Soymeal Wpg Del.	451	445	442	442	442	445				
Corn	Local delivered price available on request									

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

follow us @hamsmarketing


hams Marketing Services will be **closed** Monday,
September 5 for Labour Day.
The HMO and Opening Price reports will
subsequently not be published.
Normal business resumes on Tuesday, September 6.

STRENGTH IN NUMBERS