

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 08, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
427,000	Wednesday
434,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$59.04
National	\$65.75
Iowa/S. MN.	\$59.05
Signature 3	\$139.55
HyLife	\$148.63
TCP/Britco	\$139.26
Sig 3 4-Month Fwd.	\$124.53
BoC Rate (Noon) prev. day \$1.2895 CAD / \$0.7755 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	\$20.98 US Avg.
Feeder Pigs	\$30.32 US Avg.
#1 Export Sows (+500lbs.)	\$42.00/cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets were steady in yesterday's trade in spite of the disruption caused by the temporary plant closure in Monmouth, Illinois. The Smithfield owned plant was closed earlier this week after a large fire impacted its rendering operations. The plant's daily production of approximately 10,000 hogs per day will be processed elsewhere until the plant reopens. Lean hog futures recovered from the initial decline related to the news, suggesting that traders believe the plant will be operational by the time hog supplies reach their peak in late November. Earlier this week, the USDA released its July pork export sales data which was up about 2% from year ago levels. However, the data showed weakness for the two largest buyers of US pork (Mexico and Japan) which were down from July 2015 by 10% and 6% respectively. Producers without protection in the first 3 months of next year should look at covering 40% of their intended production at current prices.

Canadian delivered soymeal prices opened higher this morning. In addition to the WASDE report, the USDA's Crop Production report will also be released on Monday the 12th. Pre-report average estimates are coming in with a 49.2 bpa yield and 4.089 billion bushels in production, up from last month's 48.9 bpa/4.060 billion bushel estimate. However, while high, the numbers are still far from the 51+ bpa speculations. And, of course, the average does not speak to the low or high estimates cited elsewhere, some of which may indeed approach or surpass 51+ bpa. Support this morning comes from thoughts that adjustments to beginning stocks will need to be made due to the recently substantial demand from China.

US corn futures opened higher this morning. Record yields are still expected to be reflected in Monday's USDA reports, but there are thoughts that the largest numbers were published last month. The general consensus is that yield will ultimately be lowered on Monday, but the degree to which remains to be seen. Pre report chatter shows, for example, that occasionally some estimates have a very different view. Consider that one analytics firm has published a 168.2 bpa estimate, a far cry from the USDA's official 175.1 bpa. The difference between the two is over a half billion bu. in production leaving the private estimate with a 1.8 billion bu. ending stocks number while the USDA's is over 2 billion bushels.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		136.85 138.03	113.16 129.15	114.94 120.86	117.96 126.24	130.98 132.16	133.63 134.81	137.77 149.98	153.88 166.89	163.34 171.02
Maple Leaf Sig. #5		138.47 139.28	119.19 133.48	119.07 124.60	121.69 127.63	131.82 135.09	136.41 137.58	140.07 150.53	152.79 167.56	164.19 169.26
Soymeal Wpg Del.	467	459	455	455	455	453				
Corn	Local delivered price available on request									

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STRENGTH IN NUMBERS

