

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 15, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
430,000	Wednesday
435,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$55.60
National	\$65.01
Iowa/S. MN.	\$55.66
Signature 3	\$134.42
HyLife	\$150.66
TCP/Britco	\$134.26
Sig 3 4-Month Fwd.	\$111.60
BoC Rate (Noon) prev. day \$1.3189 CAD / \$0.7582 USD	
Cash Prices Week Ending September 10, 2016	
Signature 3	140.22/63.60
h@ms Cash	138.72/62.92
HyLife	149.84/67.97
TCP/Britco	144.10/65.36
ISO Weans	\$20.07 US Avg.
Feeder Pigs	\$28.71 US Avg.
#1 Export Sows (+500lbs.) \$34.00/cwt. (Tagged)	

Forward contract prices opened lower this morning. US cash markets lost approximately \$1.50-\$2.00 USD/cwt in all cash regions yesterday, taking prices to their lowest levels since mid-January. Hog supplies are abundant and growing quickly with cooler weather and fresh corn starting to enter the hog rations in the southern states. Packers are adding hours to their weekend production schedule, but not enough to cause a shortage that would lead to a price rally. Despite benefitting from the highest operating margins for the year, packers are content to react to the available supply rather than be proactively adding hours. Yesterday's cash market weakness had a chilling effect on the futures, as the October-February contracts put in new lows that were significantly lower than previous levels. Producers that are still looking to add protection to their winter production should consider setting targets \$10-\$15 CAD/kg higher than current forward prices. Taking this action would allow producers to potentially capture some short lived gains if the volatility that has developed in the market over the last few weeks continues.

Canadian delivered soymeal prices opened lower this morning. With mostly bearish fundamental supply news dominating the headlines, traders are turning to demand side data for direction. Factors providing support include the ongoing strength in bean export sales. Despite making no new sales announcements in the past few sessions, the USDA released data recently that showed export sales came in within market expectations which have been exceptional. Combined new and old crop sales came in at 1.012 MMT and are considered high. NOPA crush data is expected to come out soon and there are expectations that record crush numbers will also be released. There is also talk that following the dramatic turnaround earlier in the week, the market is poised for a bit of a corrective recovery on technical grounds.

US corn futures opened lower this morning. US corn continues to come under pressure, but is still trading above the lows seen at the end of August. Recent export data from the USDA has not helped support the trade as combined sales came in lower than trade expectations at 724,600 MT. The low expectation was for 800,000 MT. New crop sales came in with the second lowest number so far this crop year (704,000 MT). As well, the Rosario Grains Exchange has estimated planted acreage in Argentina is expected to be up ~19% from last year, bringing estimated production to between 33 and 35 MMT and adding to the global supply of corn available in the mid term.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		124.13 125.34	100.41 116.70	102.22 108.25	105.22 113.68	118.51 119.72	122.62 123.83	126.85 139.76	144.24 157.56	153.92 164.82	162.27 163.00
Maple Leaf Sig. #5		126.03 126.86	106.78 121.35	106.66 112.29	109.27 115.34	119.62 122.95	125.68 126.87	129.42 140.54	143.33 158.46	155.00 164.18	163.27 163.89
Soymeal Wpg Del.	448	448	446	446	446	451					
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

