

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 22, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
438,000	Wednesday
424,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$52.15
National	\$62.36
Iowa/S. MN.	\$52.23
Signature 3	\$126.05
HyLife	\$145.17
TCP/Britco	\$125.96
Sig 3 4-Month Fwd.	\$108.02
BoC Rate (Noon) prev. day \$1.3186 CAD / \$0.7584 USD	
Cash Prices Week Ending September 17, 2016	
Signature 3	136.89/62.09
h@ms Cash	135.39/61.41
HyLife	149.89/67.99
TCP/Britco	139.70/63.37
ISO Weans	\$16.30 US Avg.
Feeder Pigs	\$27.02 US Avg.
#1 Export Sows (+500lbs.)	\$40.00/cwt. (Tagged)

Forward contract prices opened lower this morning. US cash markets dropped another \$0.50 USD/cwt in most regions yesterday as the hog supply continues to grow on weights that abruptly jumped 1 ½ lbs. over the last week. New crop corn making its way into market hog rations and cooler weather have both contributed to faster growth rates and are contributing to the gain in numbers and weights. The growing pork inventory likely contributed to yesterday's decline in the pork carcass cut-out value which hit the lowest level in 3 weeks. Lean hog futures are trading near their contract lows pressured by the idea that there is limited evidence pork export volumes will increase quickly enough to clear the market of the growing supplies. However, technical indicators suggest that hog prices are oversold which could lead to some support over the next two days. Hog producers should look at adding price protection to their Jan – Mar production by targeting prices that are \$8-\$10 CAD/kg higher than the current forward prices.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading mixed. Export sales of beans remain strong (although lower than expectations) and the weather forecast has been providing some underlying support due to the expected rain in some regions. However, reports from the filed indicate that some yields are coming in as much as 10 bpa higher than previous highs (depending on location) which appears to be the dominant story. As well, there are some private estimates suggesting as much as 88.6 million bean acres could be planted in the US for the 2017/18 crop year. If that turns out to be true, ending stocks could be over 700 million bu. for that crop year. There was talk that this notion sparked some of the pressure in the deferred contracts yesterday.

US corn futures opened lower this morning. Like beans, the corn crop is looking good so far and there are concerns that the massive supply will be challenging for the market to clear. Ethanol production is up compared to the previous year but down 2.3% from last week sending a bit of a mixed message from the sector. While China is not a huge importer of US corn, it is noteworthy that imports are down 95.6% compared to the same month last year and 32.2% lower than the year-to-date pace. State sales in China are cited as a factor in the weaker demand for US corn. Overall export sales, however, came in higher than expectations, keeping the downside somewhat in check.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		121.58 122.77	96.95 113.06	98.74 104.71	102.11 110.45	115.21 116.40	120.05 121.24	124.22 137.37	142.04 155.21	151.62 162.39	157.32 160.59
Maple Leaf Sig. #5		123.47 124.29	103.30 117.69	103.18 108.74	106.13 112.11	116.33 119.61	123.08 124.26	126.76 138.15	141.15 156.11	152.69 161.76	159.86 161.48
Soymeal Wpg Del.	456	449	448	448							

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STRENGTH IN NUMBERS

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