



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, September 01, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
448,000	Thursday
436,000	Year Ago
Daily Prices	
W. Corn Belt	\$62.53
National	\$73.71
Iowa/S. MN.	\$62.52
Signature 5	\$153.85
HyLife (prev. day)	\$163.52
Britco (prev. day)	\$143.34
TCP/BP2	\$153.85
BoC Rate (Noon) prev. day \$1.2536 CAD / \$0.7977 USD	
Cash Prices Week Ending September 02, 2017	
Signature 3	148.65/67.43
Signature 4	168.65/76.50
Signature 5	158.65/71.96
h@ms Cash	157.15/71.28
HyLife	165.94/75.27
Britco	159.14/72.19
TCP/BP2	171.86/77.96
ISO Weans	\$22.06 US Avg.
Feeder Pigs	\$38.50 US Avg.

Forward contract prices opened lower this morning. US cash hog markets are finishing this week lower with packers dropping bids an average of \$1.00 USD/cwt per day for the last two weeks. Packers are feeling pressure from the weaker pork cut-out with yesterday's trade showing every pork primal cut dropping approximately \$1.00/cwt. Next week's holiday-shortened slaughter schedule, combined with the expectation of a surge in hog supply, will likely keep the market in its current down trend. Lean hog futures confirm the idea of more downside to the cash market for the next 6 weeks with the October contract trading at a \$15 USD/cwt discount to the cash market. Next week, futures are likely to see influence from the release of the latest monthly export data from July which is expected to show a near 10% decline from year ago levels, a factor that is concerning when total US pork production has exceeded year ago levels by about 3%. In addition to the mounting bearish fundamental factors, technical indicators have led speculators to exit their long positions, applying further pressure to the nearby contracts. No additional price protection is recommended for the Oct-Dec timeframe at current prices due to the already steep discounts already worked into forward prices.

Producers are reminded of the upcoming Labour Day long weekend that will see h@ms Marketing Services' offices closed on Monday September 4.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures have moderated ahead of the long weekend and are trading in a choppy and two-sided pattern as of this writing. Yesterday's support was a function of some decent demand numbers and new of a 132,000 MT sale to an unknown buyer. However, the market's bias is still on the bearish side. Now that the crop tour has ended and the final numbers are being evaluated, it is becoming clearer that the crop is not in all that bad shape despite previous weather concerns. One analytics firm has estimated the yield in troublesome areas (the Dakotas) to be higher than the USDA estimates, and the only state that came in substantially lower than USDA estimates was Illinois at 55.5 bpa which, careful readers will note, is still higher than the current average 49.4 bpa national average and last year's substantial 52.1 bpa.

US corn futures opened lower this morning. Like beans, the brief support has subsided and the trade is moving lower to finish the week. Market watchers are claiming the new low has been established in the wake of yesterday's reversal and the December contract's support level is now thought to be in the low \$3.50s USD/bu. A private firm has estimated national corn yield to come in lower than current USDA estimates and pegs it at 166.9 bpa; the USDA's estimate currently sits at 169.5 bpa. If yield comes in around the 166 bpa level, ending stocks estimates would decrease by 455 million bu and would likely add additional support to the trade.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		132.37 135.05	120.03 131.05	117.73 125.44	124.63 132.34	132.90 135.87	138.19 142.99	143.11 143.23	147.47 159.61	157.53 169.00
Soymeal Wpg Delivered.	416	403	407	407	413					

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Solutions for Modern Livestock Production

Producers are invited to: New Location Grand Opening!

5270 Monterey Road, Headingley, Manitoba (beside h@ms)

Thursday, September 7 - 11:00AM to 3:00PM

Welcome - Pork On a Bun - Door Prizes