



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

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 07, 2017

For details call: (204)235-2237 or visit  
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**Forward contract prices opened lower this morning.** US cash markets started this holiday-reduced production week near steady, but all cash market regions reported lower negotiated prices in yesterday's trade. Cash market participants and analysts alike are watching prices with anticipation to see how the two new pork plants (Sioux City, IA and Coldwater, MI) start to influence the regional prices and operating margins of all the North American plants. On Tuesday, the Sioux City plant slaughtered approximately 1000 hogs, dispelling concerns that their startup would be delayed. The startup of the two facilities may have had a positive influence on the lean hog futures trade this week as the remaining 2017 contracts experienced their strongest gains in a month at more than US\$2.00 USD/cwt. The October contract continues to trade a larger than normal discount to the cash market which provides further rationale for the gains. However, market participants remain cautious about prices this fall as pork production is expected to exceed previous records by more than 3%.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower despite some supportive information coming from the US growing regions. That is, forecast models are showing below normal precipitation levels for the next 14 days and more than one market watcher has commented that the lack of decent finishing rain could impact production levels. However, the U.N. FAO estimate recently pegged global soybean production at 347.6 MMT which is a new record (5.2 MMT higher than the previous estimate) and likely a factor in today's pressure. Pre-WASDE report estimates have yield between 47.1 and 50.0 bpa, and while a 47.1 bpa would push ending stocks lower, anything coming in near 49 bpa would likely have little to no bullish impact.

**US corn futures opened lower this morning.** Like beans, the U.N. FAO report indicated global corn production to be higher than its previous estimate by 5 MMT pushing production estimates to 1.06 billion MT, also a new record. Other than that, fundamental news remains supportive. New sales to Mexico keep being reported and 4 new cargoes were reported this week. As well, and also like beans, there is some concern that the recently dry weather is not providing the crop with enough finishing rain and could hurt final US production numbers. The September WASDE will be released on the 12<sup>th</sup>, and while the recent weather concerns will likely not be reflected in the report, all will still be watching yield adjustments (if any) very closely.

US Slaughter	
450,000	Wednesday
426,000	Year Ago
Daily Prices	
W. Corn Belt	\$60.69
National	\$70.89
Iowa/S. MN.	\$60.68
Signature 5	\$145.37
HyLife (prev. day)	\$154.34
Britco (prev. day)	\$136.10
TCP/BP2	\$145.37
<b>BoC Rate (Noon) prev. day</b> \$1.2264 CAD / \$0.8154 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	\$20.53 US Avg.
Feeder Pigs	\$35.54 US Avg.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		130.69 133.32	119.68 130.49	117.42 124.99	123.74 131.30	131.84 134.75	137.71 142.42	143.43 143.54	147.51 159.48	157.43 168.74
Soymeal Wpg Delivered.	420	407	411	411	417	417				

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**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**

