

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

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, September 11, 2017

For details call: (204)235-2237 or visit
www.hamsmarketing.ca

Forward contract prices opened lower this morning. US cash markets have continued their lowering trend with negotiated prices losing nearly US\$1.00/cwt on average every day last week. Packers made up for the long weekend by adding shifts to the Saturday slaughter which resulted in the biggest weekend kill since last December. The weakness in pork product prices is what has driven the market lower for the last several weeks as packers have seen pressure on their operating margins; the pork carcass cut-out has dropped to its lowest level since May. A slower pace of export sales has played a significant role in this weakness that developed since late July, but this market needs to see improvement in order to avoid significant price concessions (i.e. more price weakness) later this year when the hog supply peaks in December. Lean hog futures have factored in a US\$12.00/cwt drop over the next 3 months, but if pork production exceeds year ago levels by 4%, and exports continue to be weak, further losses would be entirely possible.

Canadian delivered soymeal prices opened lower this morning. While the forecast models were a bit on the dry side to finish off last week, the models at the beginning of this week show a wetter trend – influenced by hurricane activity further south – that could aid in pod development in the finishing stages. Regardless, the fundamentals have not yet materially changed and most trading activity today is likely pre-report positioning ahead of tomorrow's WASDE report. According to one analytics firm, the average trade guess ahead of the release is 48.7 bpa compared August's 49.5 bpa estimate. The Crop Progress report will be released after trading today and the general expectation is for conditions in the good/excellent category to be reduced by 1% on average.

US corn futures opened higher this morning. Like beans, the trade is in pre-report positioning mode ahead of tomorrow's WASDE report. There is some talk of a potentially influential yield downgrade in up to 28% of the production area that could result in a national average decrease in yield of up to 4 bpa. If this happens, the trade could face a yield of approximately 166 bpa, which, is at the lower end of expectations and would likely spark a supportive reaction. The current range of estimates is between 165.5 and 171.2 bpa with the average coming in at 167.9 bpa. The 'surprising' August report showed 169.5 bpa as the national average estimate for the new crop.

US Slaughter	
2.170 mil.	Last Week
2.086 mil.	Year Ago

Daily Prices	
W. Corn Belt	\$58.59
National	\$69.99
Iowa/S. MN.	\$58.59
Signature 5	\$140.51
HyLife (prev. day)	\$149.65
Britco (prev. day)	\$130.00
TCP/BP2	\$140.51

BoC Rate (Noon) prev. day
\$1.2132 CAD / \$0.8243 USD

Cash Prices Week Ending September 09, 2017	
Signature 3	138.19/62.68
Signature 4	156.00/70.76
Signature 5	147.10/66.72
h@ms Cash	145.60/66.04
HyLife	154.29/69.99
Britco	146.18/66.31
TCP/BP2	158.65/71.96

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	Jul
Maple Leaf Sig. #5		129.12 130.11	117.80 128.60	115.54 123.10	123.19 130.75	131.30 134.21	138.08 142.79	142.48 142.59	146.19 158.05	156.02 167.23	164.96
Soymeal Wpg Delivered.	416	403	407	407	413	413					

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

follow us @hamsmarketing


Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

