

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, September 19, 2017

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

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Hog Prices: ↑ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

US Slaughter	
451,000	Monday
439,000	Year Ago
Daily Prices	
W. Corn Belt	\$52.16
National	\$63.72
Iowa/S. MN.	\$52.17
Signature 5	\$127.72
HyLife (prev. day)	\$136.60
Britco (prev. day)	\$116.77
TCP/BP2	\$127.72
<b>BoC Rate (Noon) prev. day</b> \$1.2238 CAD / \$0.8171 USD	
Cash Prices Week Ending September 16, 2017	
Signature 3	124.93/56.67
Signature 4	146.86/66.62
Signature 5	135.89/61.64
h@ms Cash	134.39/60.96
HyLife	143.62/65.15
Britco	135.01/61.24
TCP/BP2	147.10/66.72
Year-to-Date Top-Up Estimate	
\$3.49/ckg (call for details)	
ISO Weans	\$23.10 US Avg.
Feeder Pigs	\$36.96 US Avg.

**Forward contract prices opened higher this morning.** US cash markets continue to trade lower with Monday's negotiated values dropping about US\$1.25/cwt with no sign of support coming from the new plants coming on stream. The startup of the new facilities in Michigan and Iowa appear to have been slow and steady with USDA slaughter data suggesting that neither plant has gone much beyond the 1000 hogs per day that they started with in their first days in operation. Over the next 2 months, these plants will have to see significant growth in order for the cash market to avoid large price concessions when weekly hog supplies exceed 2.5 million hogs. For hog producers that are still looking for more price protection in the Oct – Dec timeframe, stronger lean hog futures and a weaker Canadian Dollar have provided a window for improved forward contract prices. Setting a target at an average of \$125 CAD/kg for another 25% of their production is reasonable in order to avoid larger losses that could come from the record setting hog supplies, sluggish export demand and slow progress of the new slaughter facilities.

**Canadian delivered soymeal prices opened lower this morning.**

The USDA released its Crop Conditions report yesterday which showed the national average came in at 59% in the good/excellent category. This represents a 1% drop from the previous week but is exactly the same as the 10-year average. Arguably, the market was expecting a 2-3% drop in the category given the recent news of drier-than-ideal weather over the past couple weeks in some states. In any event, the focus will soon turn to harvest pace. Other metrics show beans dropping leaves increased to 41% of the crop up from 22% last week. The average for this time of year is 43%. In other words, the soybean crop is on-pace and neither significantly behind or ahead of averages.

**US corn futures opened lower this morning.**

Crop conditions for the US corn came in at 61% good/excellent, but crop conditions for corn at this time are less of a concern than some other progress indicators like denting, maturity and harvest pace, for example. On that note, corn dented is at 86% compared to 75% last week and just slightly behind the 90% 5-year average. The northern states are a bit further behind than those in more southerly climes so frost threats will be watched. National maturity averages show a crop that is 37% mature compared to the 47% 5-year average; national harvest pace came in at 7% which was up from 5% last week and compares to an 11% 5-year average for this time of year.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		128.48 129.25	120.79 131.71	118.50 126.15	126.76 134.39	134.95 137.89	142.63 147.39	147.81 147.92	151.54 163.59	161.53 172.92	168.03 169.41
Soymeal Wpg Delivered.	426	412	417	417	424	428					

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