

Hog Margin Outlook

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Tuesday, September 26, 2017

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

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Hog Prices: \uparrow Soymeal: \downarrow

Corn: \uparrow CDN Dollar: \downarrow

US Slaughter	
460,000	Monday
442,000	Year Ago
Daily Prices	
W. Corn Belt	\$47.82
National	\$59.12
Iowa/S. MN.	\$47.83
Signature 5	\$118.84
HyLife (prev. day)	\$128.16
Britco (prev. day)	\$107.95
TCP/BP2	\$118.84
BoC Rate (Noon) prev. day	
\$1.2341CAD / \$0.8103 USD	
Cash Prices Week Ending September 23, 2017	
Signature 3	115.29/52.30
Signature 4	137.78/62.50
Signature 5	126.54/57.40
h@ms Cash	125.04/56.72
HyLife	134.53/61.02
Britco	122.53/55.58
TCP/BP2	135.89/61.64
Year-to-Date Top-Up Estimate	
\$3.70/ckg (call for details)	
ISO Weans	\$24.26 US Avg.
Feeder Pigs	\$38.93 US Avg.

Forward contract prices opened higher this morning. US cash markets remain in a sharp decline with negotiated values dropping about US\$1.00/cwt in yesterday's trade. The USDA reported Monday's hog slaughter at a record large 460,000 hogs, but this may include some hogs that were slaughtered on Sunday. Nevertheless, daily hog slaughter levels are breaking new records every week as the new plants build up their production levels to their rated capacities. With weekly pork export sales comparable to levels seen at this time last year, the latest Cold Storage report is generally supportive to the market. Ham inventory makes up most of the pork in Cold Storage and the report suggested that there was no significant build up in supplies in late August, which puts the market in a good position to take up the added production that is anticipated. Traders attention are turning to the 3rd Quarter Hogs and Pigs report that will be released on Thursday afternoon and will provide some finer detail on how many more pigs will hit the market over the next 3 months. Several analysts anticipate the market hog numbers to range between 102.5% - 103.5% of year ago levels, with the larger increases coming in the heavier weight categories.

Canadian delivered soymeal prices opened lower this morning.

The real price pressure related to harvest hasn't quite developed but it is curbing any supportive sentiment that might be out there. Drier weather in many growing regions has allowed the harvest to progress which is now at 16%. Crop conditions improved 1% to 60% which is also 1% above the 10-year average, essentially showing the market that despite earlier concerns, conditions are not worse, on average, than other years, local concerns notwithstanding. The USDA will release its estimates for September 1 stocks and the general consensus is that they will be higher than last year. The market has pegged pre-report estimates at 339 million bu. compared to the USDA's current 345 million bu. estimate and 197 million bu. last year.

US corn futures opened higher this morning. US corn futures are finding some support with some suggesting the trade could have found its bottom.

The support is also coming from slightly changing global fundamentals that show the inconsistent Chinese buyers (in terms of corn purchases) sourced 1.67 MMT of corn over the past three months compared to a 3 MMT global total last year and only 400,000 MT on average from the USA in the past couple years. The market has pegged September 1 stocks to come in at 2.345 billion bu. on average compared to 1.737 billion bu. last year. Crop conditions remained steady to last week at 61 % compared to the 60% 10-year average.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5			117.62 122.24	117.55 125.25	121.61 132.65	133.21 136.17	139.03 147.10	146.94 147.05	151.44 163.54	161.46 172.89	168.03 169.42
Soymeal Wpg Delivered.	430	417	422	422	429	433					

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STRENGTH IN NUMBERS

