

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

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 28, 2017

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

US Slaughter

459,000 Wednesday

441,000 Year Ago

Daily Prices

W. Corn Belt \$47.72

National \$58.58

Iowa/S. MN. \$47.72

Signature 5 \$118.82

HyLife (prev. day) \$127.55

Britco (prev. day) \$108.33

TCP/BP2 \$118.82

BoC Rate (Noon) prev. day

\$1.2412CAD / \$0.8057 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 have levelled out in the middle of this week with the Midwest regions trading near US \$47.50/cwt, approximately 6% lower than what the cash market was trading at this time last year. Hog supplies have been building quickly since the low slaughter weeks of the summer with hogs adding weight at the fastest pace seen in several years. Pork product prices are also dropping, but have maintained a large spread over the cash hog prices, leaving packers with gross operating margins of around US\$50 per hog. Altogether, the three new slaughter facilities are currently adding an estimated 10,000 hogs per day to the daily kill, which should help producers stay current with their marketings. However, the addition of the new plants has yet to substantially narrow the spread between pork and hog prices which would benefit independent hog producers. The USDA releases its 3rd Quarter Hogs and Pigs Report this afternoon which could significantly impact lean hog futures prices in the short term. Producers looking for more price protection in the Nov – Dec timeframe should take action before the report is released, benefitting from the recent improvement in forward prices.

Canadian delivered soymeal prices opened higher this morning. Despite the recent pressure seen in US soybean futures trade, the market appears to be defining a new low in the short-term. Harvest results are better than expected, but with crop conditions hovering amid 10-year averages, the optimistic production estimates can only provide so much pressure. The September 1 stocks report will be released on Friday and the analyst's pre-report estimates range between 321 and 363 million bu. The Canadian dollar dropped a ½ cent USD yesterday following a speech by the Bank of Canada's governor Stephen Poloz where a path for setting interest rates was declared to not be predetermined. In practical terms, the move influenced an approximate \$5 CAD/MT increase in the price of meal for Canadian buyers.

US corn futures opened lower this morning. Traders will be looking to the USDA on Friday when grains stocks estimates are released for the situation on September 1. The consensus is for the estimates to come in higher than last year and at very healthy levels. As such, there is a bearish tone in the market even though recent action (i.e. trading higher late yesterday) has supported the argument that a low has been determined in the short-term, all else equal. The market is looking for September stocks to come in between 2.310 and 2.450 billion bu. compared to the USDA's 2.350 billion bu. ending stock estimate. In any case, a 2+ billion bushel estimate implies the US marketplace is well supplied with corn.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5			120.80 125.45	120.73 128.49	124.65 135.77	136.33 139.32	141.72 149.01	149.13 149.24	153.39 165.60	163.51 175.03	169.82 171.21
Soymeal Wpg Delivered.	436	425	425	425	428	428					

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STRENGTH IN NUMBERS

