

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, September 29, 2017

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

Hog Prices: $\uparrow\downarrow$ Soymeal: \downarrow
Corn: \uparrow CDN Dollar: \downarrow

Forward contract prices opened mixed this morning.

US cash markets are finding support at current prices with the negotiated trade holding near steady for much of this week. Hog numbers continue to build with the weekday hog slaughter totals coming in consistently near 460,000 hogs, proof that the new plants are increasing their operating shifts. The USDA Hogs and Pigs report was released yesterday afternoon and the results largely confirmed the expectations of most traders and analysts. The most interesting aspect about the report was revealed in the heaviest market hog categories which suggested that the hog slaughter over the next 2 months will be near 4% larger than levels seen last year. These results are at the high end of expectations and as a result, the December lean hog futures contract is experiencing declines in trade this morning. Producers still looking for added protection in the Nov – Dec timeframe should consider \$120 CAD/kg as 'good value' given the recent supply projections.

Analysts' Expectations compared to Sept. Quarterly Hogs and Pigs Report			
	Range In % of 2016	Avg. In % of 2016	Sept. in % of 2016
All hogs	101.7-103.3	102.5	102.5
Breeding	100.8-101.4	101.2	101.2
Marketing	101.7-103.5	102.6	102.6
>180 lbs.	101.5-103.9	102.6	103.9
120-179 lbs.	101.5-103.7	102.9	103.9
50-119 lbs.	100.7-104.0	102.6	101.9
<50 lbs.	101.7-103.5	102.4	101.7

Source: USDA; citing Urner Barry in DLR

Canadian delivered soymeal prices opened lower this morning.

Trading activity will likely be low ahead of the Grain Stocks report that is scheduled to be released today at noon, Eastern (11 AM, Central). Using WASDE as the last official guide, the market generally has a decent idea of supply. However, the Grain stocks report will provide some more detail and direction for the trade. The range of pre-report estimates is between 321 and 363 million bu. which is relatively high. In other news, there were no sales announcements yesterday (cumulative sales are 15.5% behind pace) and Brazil received rain over 70% of the planting area adding to the bearish tone this morning.

US corn futures opened higher this morning. Pre-report positioning ahead of a Grain Stocks report that is expected to show over 2 billion bu. at September 1 is likely behind this morning's support. The action is no rally; however, US corn is trading above the August lows and most market watchers think the activity reflects the notion that a bottom has been defined for now. In a reaffirmation of China's presumed goal of self-sufficiency, an unidentified Chinese 'ag official' has stated that the new proposed ethanol policy (where analysts have suggested up to 20 MMT (!) in imports a year could be needed) will not see imports of large quantities of corn.

US Slaughter	
461,000	Thursday
443,000	Year Ago

Daily Prices	
W. Corn Belt	\$47.81
National	\$58.29
Iowa/S. MN.	\$47.88
Signature 5	\$118.96
HyLife (prev. day)	\$127.33
Britco (prev. day)	\$109.02
TCP/BP2	\$118.96
BoC Rate (Noon) prev. day \$1.2450 CAD / \$0.8032 USD	

Cash Prices Week Ending September 30, 2017	
Signature 3	108.93/49.41
Signature 4	130.04/58.99
Signature 5	119.49/54.20
h@ms Cash	117.99/53.52
HyLife	n/a
Britco	113.29/51.39
TCP/BP2	126.54/57.40

Year-to-Date Top-Up Estimate	
\$3.70/kg (call for details)	
ISO Weans	\$24.26 US Avg.
Feeder Pigs	\$38.93 US Avg.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5			120.40 125.06	120.99 128.10	126.11 137.24	137.80 140.80	141.69 149.84	149.89 150.01	153.83 166.05	163.96 175.50	169.97 171.06
Soymeal Wpg Delivered.	433	422	422	422	425	430					

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.

STRENGTH IN NUMBERS

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