

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 02, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↑

Corn: ↓ CDN Dollar: ↓

US Slaughter

2.534 mil. Last Week

2.453 mil. Year Ago

Daily Prices

W. Corn Belt \$48.03

National \$57.36

Iowa/S. MN. \$48.19

Signature 5 \$118.47

HyLife (prev. day) \$125.69

Britco (prev. day) \$109.99

TCP/BP2 \$118.47

BoC Rate (Noon) prev. day

\$1.2480 CAD / \$0.8013 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 127.55/57.86

Britco 113.29/51.39

TCP/BP2 126.54/57.40

Year-to-Date Top-Up Estimate

\$3.70/ckg (call for details)

ISO Weans \$24.70 US Avg.

Feeder Pigs \$40.72 US Avg.

Forward contract prices opened higher this morning. US packers are expected to open this week's trade with firm bids after a near-steady trend last week. Packers benefitted from firm pork product prices with support coming from increased sales from export destinations. The pork carcass cut-out is expected to continue its decline, but with the new plants building their daily production levels, the increased capacity should result in more competition for live hogs. Last week's quarterly Hogs and Pigs report suggested that the hog slaughter could average levels nearly 4% larger than year ago for the next two months, which was at the high end of expectations. However, the futures market largely shrugged off the bearish price implications of the record supply, suggesting that the cash prices will appreciate in a counter-seasonal trend. As a result of the rally in December and February lean hog futures, Nov – Feb forward contract prices are currently trading at their highest level in more than a month and represent a good pricing opportunity for those producers who are looking for additional price protection.

Canadian delivered soymeal prices opened higher this morning. US soybean futures rallied following the USDA's quarterly Grain Stocks report that came in much lower than trade expectations. With a pre-report range between 321 million bu. at the low end and 363 million bu. at the high end (339 million bu. on average), the 301 million bu. that the USDA presented came in some 38 million bu. lower than the lowest pre-report estimate and was a bullish signal to the market, not to mention a bit of a surprise. Traders are already looking ahead to the October WASDE report where at least on analyst has suggested a 1 bpa reduction in national yield would bring the 345 million bu. ending stocks estimate number (September WASDE) down to 339 million bu. and be completely in line with Friday's report.

US corn futures opened lower this morning. Like beans, US corn futures rallied following the release of Friday's grain stocks report. Unlike beans, however, there is talk that despite the fact the corn estimate also came in lower than the lowest of the pre-report estimates, 2+ billion bu. in stocks (ending or otherwise) represents a fairly large volume of corn on the supply side. Pre-report estimates showed between 2.31 and 2.38 billion bu. were expected (2.346 billion bu. average); the USDA pegged September 1 stocks at 2.29 billion bu. Today, the market has opened lower suggesting the otherwise-bearish supply information from Friday still carries enough weight to apply pressure. Contextually, last year saw stocks at 1.737 billion bu at this time.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		126.58 131.24	126.51 134.28	130.72 141.89	142.45 145.45	145.63 153.79	153.45 153.56	156.26 168.48	166.39 177.93	172.11 173.50
Soymeal Wpg Delivered.	427	427	427	430	434	434				

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
twitter

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

