

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 06, 2018

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

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

US Slaughter	
471,000	Wednesday
447,000	Year Ago
Daily Prices	
W. Corn Belt	\$37.81
National	\$51.68
Iowa/S. MN.	\$37.81
ML Signature 5	\$106.17
HyLife (prev. day)	\$119.91
TCP/BP2	\$106.17
BoC Rate (Noon) prev. day	
\$1.3185 CAD / \$.07584 USD	
Cash Prices Week Ending September 01, 2018	
Signature 3	87.58/39.73
Signature 4	117.32/53.22
Signature 5 Brandon	102.45/46.47
h@ms Cash	100.95/45.79
HyLife	115.70/52.48
TCP/BP2 Moose Jaw/Langley	108.89/49.39
2018 Top-Up Estimate	
\$5.43 ckg (call for details)	
ISO Weans	\$22.75 US Avg.
Feeder Pigs	\$22.21 US Avg.

Forward contract prices opened higher this morning. US negotiated spot markets moved modestly higher in yesterday's trade but continue to reflect the abundant supply by trading at significant discounts to other hog pricing arrangements. US packers are running at full weekday capacity with the USDA estimating the daily slaughter at 471,000 hogs yesterday. The pork carcass cut-out was drawn lower yesterday with weakness coming from the ham and loin primal cuts. However, packers are still benefitting from very profitable operating margins that are currently estimated at better than \$30 USD/hog. December and February lean hog futures are trading at levels 25% higher than where they were one month ago and represent a good hedging opportunity in the context of the current heavy supply and uncertain export demand situation. Producers can hedge hogs for November and December at prices \$15 CAD/kg higher than current cash prices while the typical trend in the cash market would be for a decline of \$20 CAD/kg over the next two months.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower this morning as the market waits for fundamental news to be released tomorrow. The weekly export sales numbers won't be released until Friday (normal release day is Thursday) due to the Labour Day long weekend holiday Monday; most official reporting this week was delayed by one day. ABIOVE (Brazilian industrial oilseeds association) revised upward its estimates on exports to 76.1 MMT, a new record for Brazil. A well-respected brokerage with a large ag reporting presence released their yield survey and have pegged new crop beans to come in at 52.17 bpa compared to the USDA's 51.6 bpa August estimate.

US corn futures opened lower this morning. According to some reports surfacing this morning, there is some chatter that language for a revised NAFTA could be agreed by as early as tomorrow. On the other hand, the 'due dates' that are important to the USA have little-to-no importance for Canada and Canadian officials, while optimistic, are not exhibiting any stress publicly. NAFTA or not, any trade deal between USA and Mexico is important to the US corn market and corn futures are higher on thoughts that a NAFTA deal could be concluded soon. The private survey mentioned above puts corn yield at 177.7 bpa compared to the USDA's 178.4 bpa estimate.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		122.07 124.20	121.26 121.97	123.40 127.13	124.37 141.32	144.64 147.96	147.73 153.30	154.80 162.14	161.91 174.58	173.11 185.90	178.44 180.97	174.84 180.69
Soymeal Wpg/S.Man	453	450	454	454	455	455						

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STRENGTH IN NUMBERS

