

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, September 24, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened mostly higher this morning.

US cash markets gained more than \$10 USD/cwt over last week in the negotiated category of USDA purchase methods with hog slaughter for the week estimated at 2.34 million hogs. US weekly hog slaughter was down about 200,000 hogs from anticipated levels as plants in North Carolina were closed for several days after Hurricane Florence. Most of the delays were likely impacting the slaughter of hogs owned by Smithfield and had little effect on what packers in the Midwest were willing to pay for uncommitted hog supplies. After reflecting the strong cash market move over the last three weeks, lean hog futures traders concentrating on 2019 are expected to focus on possible changes in global trade, and specifically on, Mexico, Canada, and China. The ongoing outbreak of African Swine Fever (ASF) in China may represent an exceptional opportunity for US pork producers to increase sales, but the current Chinese tariffs levied against US pork will likely result in European pork producers reaping the early benefits. Producers should view current 2018 forward prices as a good hedging opportunity but should delay taking price protection on their 2019 production at this time.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are starting the session off on a lower tone and have so far been unable to build on the initial momentum seen last week. The 'highs' materialized near the end of last week, but they were well off the \$10.00 USD/bu. levels seen in late May and are currently residing around the \$8.50 mark for the front two contracts. More news that the US is threatening to apply another tariff to \$247 billion in Chinese goods (in addition to the \$200 billion that went into effect today) is doing nothing to thaw the frosty relationship. Data showing that Chinese imports are significantly lower than YTD levels last year suggests they are doing much to avoid US beans although there is chatter Argentina is 'replacing' additional beans sent to China with US product.

US corn futures opened higher this morning. US corn futures continue to climb out of the lows put in last week when the nearby contract reached the lowest contract-closing value see over the life of the contract. Ethanol number from the EIA last week showed good production that was 3% higher than the prior week and 1.7% higher than at the same time last year. It was estimates that 107.9 million bu. were used for weekly production against a 106.6 million bu. average pace. There is talk that some rain this week has delayed some harvest activity. October 1st appears to be the new congressional 'deadline' for a smooth(er) legislative process in the USA regarding NAFTA.

US Slaughter	
2.341 mil.	Last Week
2.496 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$60.14
National	\$62.42
Iowa/S. MN.	\$60.24
ML Signature 5	\$142.74
HyLife (prev. day)	\$141.77
TCP/BP2	\$142.74
BoC Rate (Noon) prev. day	
\$1.2916 CAD / \$0.7742 USD	
Cash Prices Week Ending September 22, 2018	
Signature 3	128.84/58.44
Signature 4	135.03/61.25
Signature 5 Brandon	131.93/59.84
h@ms Cash	130.43/59.16
HyLife	136.66/61.99
TCP/BP2 Moose Jaw/Langley	117.83/53.45
2018 Top-Up Estimate	
\$5.59 ckg (call for details)	
ISO Weans	\$33.37 US Avg.
Feeder Pigs	\$35.25 US Avg.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		137.22	124.00 131.17	123.60 127.26	123.13 139.74	142.99 146.24	144.64 150.10	151.61 158.80	158.39 170.33	168.78 181.42	175.31 177.78	171.48 177.21
Soymeal Wpg/S.Man	437	427	431	431	436	436	436					

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