



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 14, 2017

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

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Hog Prices: ↓Soymeal: ↓

Corn: ↑CDN Dollar: ↑

US Slaughter	
440,000	Thursday
432,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$87.60
National	\$92.80
Iowa/S. MN.	\$87.79
Signature 5	\$207.25
HyLife (prev. day)	\$208.95
Britco (prev. day)	\$204.60
TCP/BP2	\$207.25
BoC Rate (Noon) prev. day \$1.2743 CAD / \$0.7847 USD	
Cash Prices Week Ending July 15, 2017	
Signature 3	206.08/93.48
Signature 4	211.04/95.73
Signature 5	208.56/94.60
h@ms Cash	207.06/93.92
HyLife	n/a
Britco	207.84/94.28
TCP/BP2	209.71/95.12
ISO Weans	\$27.44 Avg.
Feeder Pigs	\$53.06 US Avg.

Forward contract prices opened lower this morning. US cash markets are finishing the week near where they started with negotiated prices possibly topping out for the near term. Wholesale pork prices fell sharply with big declines seen in the belly and rib primal cuts driving the \$2.00 USD/cwt decline in the pork carcass cut-out. Ribs dropped nearly 10% of their value while bellies fell 2% from their highest level since the spring of 2014. If the cut-out value does not see a recovery in today's trade, the recent weakness may be viewed as a turning point for the pork market and could lead to a lower trend with the abundant supply being the primary market driver. Fall and winter month lean hog futures opened sharply lower this morning reflecting the weaker cash market trend. Forward prices have dropped to their lowest level since late-April with most of the decline explained by the sharply higher Canadian Dollar. The 6 cent appreciation of the Loonie against the US Dollar over the last 2 months has taken about \$12 CAD/kg of value out of both the cash and forward prices.

Canadian delivered soymeal prices opened lower this morning. The trade remained pressured on Thursday and the bean market saw double digit losses across all contracts by the close. Did this move represent a (delayed) correction to the Grain Stocks and Acreage reports spurred on by the 'bearish' WASDE report Wednesday? It might not be that simple, but there is some commentary suggesting the market is still reacting to the larger than expected global supply reported on Wednesday and that the supportive reaction to the previous reports at the end of June was a bit overdone (potentially validating the move). However, remember that yield was left unadjusted and won't be edited until the August report when survey results determine the estimate. The consensus is that yield will be lowered in the August report. In the meantime, US soybean futures have recovered from yesterday's pressure and are higher this morning.

US corn futures opened higher this morning. Like beans, the US corn trade came under pressure following the release of the July WASDE report. However, also like beans, there is a fair bit of commentary suggesting that the pressure is a bit unwarranted at this time, mostly due to the fact that the current yield estimate is considered too high at 170.7 bpa. In fact, the market anticipated a modest 1.1 bpa reduction (considering the weather headlines) ahead of the July report, so the market sold off when no changes were made. Typically, this is what would happen (i.e. more supply should equate to price pressure), but there is almost no one who agrees that the current yield is set 'correctly'. And again, like beans, the US corn market will have to wait until August when a survey-driven yield estimate will very likely show a lower yield number than currently on the books.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		169.81 177.89	152.92 161.18	150.04 152.78	133.99 145.26	131.63 139.52	137.41 145.31	145.88 148.92	149.72 154.65	155.01 155.81
Soymeal Wpg Delivered.	445	445	448	458	462	462				

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STRENGTH IN NUMBERS

