



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, August 08, 2017

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

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

US Slaughter	
374,000	Monday
436,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$80.56
National	\$86.46
Iowa/S. MN.	\$80.61
Signature 5	\$190.29
HyLife (prev. day)	\$191.45
Britco (prev. day)	\$186.32
TCP/BP2	\$190.29
BoC Rate (Noon) prev. day \$1.2638 CAD / \$0.7912 USD	
Cash Prices Week Ending August 5, 2017	
Signature 3	185.08/83.95
Signature 4	194.91/88.41
Signature 5	190.00/86.18
h@ms Cash	188.50/85.50
HyLife	192.58/87.35
Britco	188.66/85.58
TCP/BP2	195.58/88.71
ISO Weans	\$19.04 Avg.
Feeder Pigs	\$45.71 US Avg.

Forward contract prices opened higher this morning. US cash markets started this week with lower bids as packers anticipate an easier time sourcing live hog supplies in the weeks ahead. Hog supplies are expected to grow by more than 5% over the next month, but packers will likely change their buying strategy in September when it is anticipated that the two new slaughter facilities are expected to start up and the competitive landscape changes significantly. Producers are current with their marketings and hog weights are only marginally lower than year ago levels, positioning them well for the coming changes. Wholesale pork prices surged higher in yesterday's trade providing strong support to the nearby lean hog futures contracts. However, the value of pork trim experienced a dramatic decline over the last week, dropping 10% of its value, which could threaten some of the lower valued pork primals. Forward contract prices have improved to the highest level seen in about 3 weeks with support coming from both the hog and exchange rate components of the price. Producers looking to add price protection to their winter production should consider this a good pricing opportunity to cover up to 70% of their Oct – Feb production.

Canadian delivered soymeal prices higher even this morning. Canada had a civic holiday yesterday, but it was business as usual in the US. Yesterday's crop conditions came right in line with market expectations and there was not much of a move based on the weekly Crop Conditions report. However, news that China could import a record 10.08 MMT for the month of July, a surprise announcement of a 206 MT old crop sale, and thoughts that some important growing areas will not receive adequate rainfall are all supporting the market this morning. The USDA reported 60% of the crop in good/excellent condition, a 1% increase from previous week and in line with the 61% 10-year average. There are concerns that much of the Iowa, Illinois and Indiana did not get the rain expected, and the forecast only calls for a half inch or less over the next week.

US corn futures opened lower this morning. This morning's action appears counterintuitive given the bullish news making the rounds. Crop conditions were downgraded in the good/excellent category by 1% to 60% for the week. While this was in line with pre-report expectations, it came in at the lower end of the range. Thoughts that the rain that did fall has not been enough to counteract some potential yield damage is concerning and there are thoughts that the crop in some very important states could decline further because of a lack of rainfall in the forecast. There is talk many areas in Illinois are starting to show stress. In other news, a heat wave in Europe is also potentially threatening the European crop. The August WASDE will be released on Thursday.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		153.01 157.50	150.25 152.99	132.58 143.86	130.23 138.12	136.30 144.19	144.76 147.80	150.25 155.16	154.17 155.17	156.95 169.34	167.22 178.92
Soymeal Wpg Delivered.	427	427	437	441	441						

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