Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, August 09, 2017

For details call: (204)235-2237 or visit www.hamsmarketing.ca

h@ms MARKETING SERVICES

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

US Slaughter	
446,000	Monday
435,000	Monday (year ago)

Daily Prices	
W. Corn Belt	$80.67
National	$86.08
Iowa/S. MN.	$80.88
Signature 5	$190.50
HyLife (prev. day)	$191.48
Britco (prev. day)	$187.45
TCP/BP2	$190.50

BoC Rate (Noon) *prev. day*
$1.2672 CAD / $0.7891 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 mostly higher this morning. *US cash markets are expected to decline in today's trade, following the sharp sell-off in wholesale pork prices. Yesterday's pork carcass cut-out value dropped by about $2.00 USD/cwt with the major blow coming from pork belly prices which fell about $10 USD/cwt or nearly 5% of their value. With expectations of hog supplies growing about 5% over the next month and carcass weight gaining 3 - 4 pounds, the market is starting its transition to the seasonal 'high supply' fall timeframe. A factor that may interfere with the typically weak market trend is the addition of two new plants coming on stream later this month. The latest news has the Seaboard Triumph Foods plant coming on stream by September 1st. Lean hog futures opened the day's trading near steady with yesterday's close, currently in the middle of its 2-month trading range. However, a decline in the Canadian Dollar against its US counterpart is resulting in a further improvement in forward contract prices in the winter timeframe.*

Canadian delivered soymeal prices lower even this morning. *Despite decent rainfall in the various forecast models for the Dakotas, western Iowa and areas in the Midwest, there is not much rain expected in other critical growing areas. The remainder of Iowa, Illinois, Indiana and Ohio are expected to remain dry; the weather is an important factor driving crop prices. In other news, China's July soybean imports were up 31% over June to 10.08 MMT on talk that a Value Added Tax (VAT) eliminated in June helped to incite new activity. New crop yield estimates are trickling out and the latest private estimate came in at 47.0 bpa, which was lowered from the previous 47.7 bpa estimate by the same firm. Last year, national yield was finally pegged at 52.1 bpa.*

US corn futures opened higher this morning. *Support comes from ideas that growing conditions have been uncertain recently and the crop is showing signs of stress in areas where high heat and little rainfall materialized during the pollination phase. As well, the high temperatures in Europe could mean reductions in production estimates and potentially add to the support. In a bit of a twist, there are expectations that short term rallies could incent sales from Brazil (where there is a lot of corn) and also from some US producers who were previously storing product which would moderate some of that strength. Thursday's WASDE report could come in 5% below trendline yields which would be about 162.6 bpa. The worst drop in recent memory for the August report was 18% in 2012, but recall that 2012 was a particularly troubling year.*

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		153.03 157.52	150.23 152.98	133.08 144.37	130.72 138.62	136.46 144.33	144.90 147.93	150.60 155.50	155.43 155.77	157.07 169.44	167.32 179.01
Soymeal Wpg Delivered.	423	423	434	438	438						