



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, August 17, 2017

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

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

Forward contract prices opened lower this morning. US cash markets came in lower than the previous day and all three monitored reporting regions were lower; ISM, WCB and National were down \$0.45, \$0.43 and \$0.72 USD/cwt., respectively. Packers are having little trouble securing inputs as supplies remain ample. There is evidence slaughter is ramping up and this week is on pace to exceed last year's weekly kill by 3.24%. This compares to last week's numbers showing 1.12% higher than last year and around 2% higher the week previous. When those numbers dipped lower than USDA projections, the market initially took it as a bullish signal. Now that supplies are more in line with the estimates, the market is backing off from the earlier strength. Combined with this is talk that delivered weights are also increasing, suggesting the market could see more pork supplies soon and pressuring it to clear those supplies. Lean hog futures experienced a turn around yesterday in a sell off that has been attributed to profit taking as fund traders, looking ahead, exited long positions. This action was underscored by the recent data showing a return to expected slaughter levels earlier and resulted in a more average cash/futures spread than last month when it was \$9.00 USD/cwt. wider.

Canadian delivered soymeal prices opened higher this morning. Prices bounced off the lowest levels seen since last month which were trading among the lower end of the range that was established in June. Technically, the market was oversold after falling 6.5% over four sessions and with some upcoming weather concerns (not to mention a bit of uncertainty regarding actual yield), the market was primed for a correction, or, at least, some stabilization. That stabilization has materialized today, buoyed by some reduced rainfall updates and a ceremonial purchase agreement by the Chinese to purchase another 3.8 MMT of beans on top of the 12.5 MMT already agreed upon.

US corn futures opened lower this morning. Unlike beans, US corn continues to come under pressure. World beginning stocks are record large, a situation that is exacerbated by a 28-year high in domestic (US) beginning stocks as well. Combined with a yield projection that was significantly higher than market expectations and talk that Brazil's Safrinha crop movement is backing up is also pressuring. Argentina, as well, is expected to plant another record crop next year according to the Buenos Aries Grains Exchange. All told, the corn market is probing for a bottom that has not yet been determined.

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

Daily Prices	
W. Corn Belt	\$77.03
National	\$83.81
Iowa/S. MN.	\$77.01
Signature 5	\$184.11
HyLife (prev. day)	\$188.15
Britco (prev. day)	\$178.86
TCP/BP2	\$184.11

BoC Rate (Noon) prev. day
\$1.2699 CAD / \$0.7875 USD

Cash Prices Week Ending August 12, 2017	
Signature 3	186.37/84.54
Signature 4	193.58/87.81
Signature 5	189.98/86.17
h@ms Cash	188.48/85.49
HyLife	191.23/86.74
Britco	185.24/84.02
TCP/BP2	190.00/86.18

ISO Weans	\$20.57 US Avg.
Feeder Pigs	\$40.92 US Avg.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		150.07 152.08	147.18 149.92	130.96 142.19	128.61 136.48	135.03 142.88	143.44 146.47	147.49 152.38	152.69 153.03	154.10 166.48	164.36 176.05
Soymeal Wpg Delivered.	412	412	418	421	421						

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