



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, August 21, 2017

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

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

US Slaughter	
2.332 mil.	Last Week
2.295 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$73.28
National	\$83.07
Iowa/S. MN.	\$73.11
Signature 5	\$177.32
HyLife (prev. day)	\$184.91
Britco (prev. day)	\$168.29
TCP/BP2	\$177.32
BoC Rate (Noon) prev. day	
\$1.2586 CAD / \$0.7945 USD	
Cash Prices Week Ending August 19, 2017	
Signature 3	179.78/81.55
Signature 4	190.21/86.28
Signature 5	185.00/83.92
h@ms Cash	183.50/83.24
HyLife	187.67/85.13
Britco	185.29/84.05
TCP/BP2	189.98/86.17
ISO Weans	\$19.11 US Avg.
Feeder Pigs	\$39.92 US Avg.

Forward contract prices opened lower this morning. US cash markets continued their weaker trend to finish last week and are expected to trade lower early this week. The typical increase in fall hog supplies associated with more moderate temperatures started over last week's trade with the US hog slaughter estimated at over 2.33 million hogs. This was up about 3% over the week previous and will continue to grow at an average rate of about 1% per week for the next 2 months. Wholesale pork prices have come under significant pressure with pork belly prices dropping about 15% of their value over the last week. With so much of the support coming from only one of the primal cuts, the market was quick to factor in the collapse, especially as supplies are expected to grow significantly over the next few months. The start-up of the new plants in Michigan and Iowa could help mitigate the normal seasonal downturn in prices as competition between packers will increase. However, talk of delays to the start-up of these plants could turn negative if the hog supply ramps up quicker than the operating capacity of the new facilities.

Canadian delivered soymeal prices opened lower this morning. Decent rainfall over the weekend and a wetter forecast for the week is having a bearish influence on the market to start the week. As well, there are expectations that today's Crop Conditions report will show an increase in the good/excellent category for last week. The Pro Farmer Crop tour starts this week and while the additional observations will be of some value, these tours typically do not influence the market that much relatively speaking. One of the reasons is that conditions can vary greatly (even county by county) and as we have seen, USDA data has captured some of the variance so far. Chinese crush margins have improved recently and there is some expectation that Chinese buyers will start purchasing from the US again soon.

US corn futures opened lower this morning. Like beans, the weather over the weekend and a decent forecast is pressuring the trade to start the week. The crop tour that starts this week is expected to provide some underlying support especially if the results come in lower than the current official numbers. However, decreases in yield and/or ear weight estimates will likely need to be substantial in order to offset the impact of massive stocks estimates heading into the new crop marketing season. There is a lot of corn in the USA (and the world) that needs to clear the market before the corn trade sees a turn around in price trend.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		144.10 144.50	171.28 144.00	125.64 136.82	123.30 131.12	130.67 138.48	139.05 142.06	143.47 148.33	148.24 148.58	150.66 162.95	160.85 172.46
Soymeal Wpg Delivered.	409	409	415	418	418	419					

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HWY #6 AND RD 236

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