

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, August 22, 2017

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

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Hog Prices: ↑↓ Soymeal: ↔

Corn: ↓ CDN Dollar: ↑

## US Slaughter

425,000	Monday
436,000	Monday (year ago)

## Daily Prices

W. Corn Belt	\$71.72
National	\$82.05
Iowa/S. MN.	\$71.68

Signature 5	\$174.23
HyLife (prev. day)	\$181.76
Britco (prev. day)	\$164.85
TCP/BP2	\$174.23

**BoC Rate (Noon) prev. day**  
\$1.2575 CAD / \$0.7952 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 mixed this morning.** Regional cash hog prices in the US dropped another \$1.50 USD/cwt in yesterday's trade, continuing the sharp decline experience seen so far this month. While wholesale pork prices held firm in yesterday's trade, more abundant hog supplies have left packers with the ability to recover some of their operating margin that was lost, in large part, to the sharp selloff in pork bellies over the last two weeks. The October lean hog futures contract is trading at an \$18 USD/cwt discount (or 22% lower) to the current cash market suggesting that the cash market will lose an average of \$2.50 per week for the next 7 weeks. This decline would exceed the typical seasonal weakness and suggests that the impact of the two new plants that are expected to start production by the end of September will have no significant impact on the near-term cash market. Producers looking to add price protection to their October – March production should consider setting targets \$10 - \$12 CAD/kg higher than current forward price offerings.

## Canadian delivered soymeal prices opened even this morning.

Yesterday's Crop Progress report showed that the good/excellent category improved 1% to 60% which is the same as the 5-year average. There is some rain in the forecast and it has also fallen over Missouri and Iowa in recent days. There are thoughts that the rain will benefit soybeans more so than corn in the area. Crop tours have started this week and while preliminary observations suggest the crops are not in as bad condition as at first thought, there is some variability between states and some poor numbers. For example, while Iowa's pod count in a 3x3 foot square came in at 1107 compared to 1055 last year, South Dakota was well off the pace coming in at 900 which was below last year's 971 and well below the 1028 average.

**US corn futures opened lower this morning.** Interesting numbers are coming in from the first day of the crop tours, but they are largely reflecting the USDA numbers published earlier, perhaps hinting that the relatively high 169.5 bpa national yield estimate will be upheld. As with beans, some states are performing better than others and the expected areas of concern are still likely going to be a concern. Ohio is higher than last year coming in at 164.6 bpa while South Dakota is coming in at 148.0 bpa so far. The estimates are higher than USDA numbers, but lower than the national average; last year's tour underestimated final yield by 11 bpa. The good/excellent condition category in yesterday's Crop Progress report came in the same as last week at 62%.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		144.19 144.60	141.37 144.08	125.62 136.76	123.29 131.09	129.94 137.73	138.29 141.30	142.63 147.48	147.89 148.00	151.01 163.31	161.20 172.82
Soymeal Wpg Delivered.	409	409	415	418	418	419					

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