

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, August 24, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Hog Prices: ↓Soymeal: ↑↓

Corn: ↓ CDN Dollar: ↓

## US Slaughter

448,000 Wednesday

436,000 Year Ago

## Daily Prices

W. Corn Belt \$69.27

National \$80.38

Iowa/S. MN. \$69.31

Signature 5 \$169.40

HyLife (prev. day) \$177.58

Britco (prev. day) \$159.26

TCP/BP2 \$169.40

BoC Rate (Noon) prev. day

\$1.2564 CAD / \$.7959 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 negotiated cash markets dropped approximately \$1.50 USD/cwt in yesterday's trade, but packers still sourced one of the largest daily slaughters in months with USDA estimates pegging it at 448,000 hogs. Hog numbers are expected to grow to levels exceeding year ago supply by about 3.5%, but supplies have averaged less than a 2% increase for the last month. Carcass weights suggest that producers are not falling behind on their marketings which suggests some uncertainty in how much growth to expect in the coming months is present. On the demand side, the most recent Cold Storage report suggests good product movement with total pork supplies down about 7% from last year. However, the market is experiencing changes in where the product is being sold and weekly volumes sold to Mexico were up by 33%, while volumes sold to China were less than half of that seen at this time last year. Producers looking to add protection to their winter production should look at setting targets \$12-\$15 CAD/kg higher than the current forward price offering in order to capitalize on a short-lived price recovery.

**Canadian delivered soymeal prices opened mixed this morning.** The US soybean trade appears to have found its short-term bottom. In terms of forming a decision if the direction will be lower or higher in the mid-term will likely depend on one's current bias; there is news supporting both sides of the market at this time. Strength for the complex comes from the Commerce Department's findings that Argentina and Indonesia were subsidising biodiesel production and the countries will now be subject to retroactive import duties ranging between 41% and 68% (!). There are rumors that farmers are holding back selling amid the current lows, and news of Chinese import activity (up 16.8% from last year) is also adding support. Currently high yield estimates and decent weather are pressuring factors.

**US corn futures opened lower this morning.** The pressure is not as intense as it was following the last WASDE report, but the bias is for the market to move lower and it is still adjusting to beginning stocks heading into the new crop marketing year that are at a 29-year high. While crop tour results have challenged USDA estimates in many cases, the observations have been inconsistent and the market has not responded to reports suggesting yield estimates could be lower than USDA estimates...yet. Muddying the waters, perhaps, is the constant comparison to last year's yield which in many cases was substantially higher than trendlines and averages. As well, some areas that didn't struggle last year are struggling this year, while problem areas last year are seeing vast improvements suggesting the USDA might not be that far off in the final analysis.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		139.74 140.14	136.94 139.65	121.94 133.08	119.61 127.41	126.70 134.48	135.05 138.05	140.85 145.70	145.81 145.92	149.94 162.20	160.10 171.69
Soymeal Wpg Delivered.	422	422	407	410	410	416					

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**Producers are invited to: New Location Grand Opening!**

**5270 Monterey Road, Headingley, Manitoba (beside h@ms)**

**Thursday, September 7 - 11:00AM to 3:00PM**

**Welcome - Pork On a Bun - Door Prizes**