



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, August 25, 2017

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

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

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

US Slaughter	
449,000	Thursday
423,000	Year Ago
Daily Prices	
W. Corn Belt	\$68.03
National	\$79.23
Iowa/S. MN.	\$68.04
Signature 5	\$166.22
HyLife (prev. day)	\$175.20
Britco (prev. day)	\$155.91
TCP/BP2	\$166.22
<b>BoC Rate (Noon) prev. day</b> \$1.2529 CAD / \$0.7981 USD	
Cash Prices Week Ending August 26, 2017	
Signature 3	162.61/73.76
Signature 4	181.12/82.16
Signature 5	171.86/77.96
h@ms Cash	170.36/77.27
HyLife	n/a
Britco	176.82/80.21
TCP/BP2	185.00/83.92
ISO Weans	\$19.11 US Avg.
Feeder Pigs	\$39.92 US Avg.

**Forward contract prices opened higher this morning.** US cash markets traded lower all week, dropping an average of more than \$1.00 USD/cwt per day and taking prices to the lowest level since early May. US packers have not changed their buying strategy in several weeks and are content to match their cash hog bids with losses in wholesale pork prices. As a result, packer operating margins have been maintained at a profitable level of an estimated \$35 USD per hog. Pork bellies took the pork cut-out to its highs one month ago and losses to the benchmark pork price since the peak can be attributed almost exclusively to this cut that makes up about 16% of the pork cut-out value. Lean hog futures continue to see heavy influence from the cash market trend, but the discount that the October lean hog contract holds to cash prices is much larger than normal. This is difficult to rationalize when two new plants are expected to start operations and could provide some support to the cash market as they buy into the market. Producers still looking to add to price protection to their winter production should set targets approximately \$15 CAD/kg higher than the current forward price offering.

**Canadian delivered soymeal prices opened higher this morning.** The most recent Farm Journal crop tour has uncovered some problem areas in Iowa as well as some variable pod counts in general over the course of the week. So far, however, the market has shrugged off the news and is trading lower in the absence of any 'smoking gun'; this tour ultimately showed that the USDA's yield estimates may not be that far off. As well, large supplies, some less than stellar export data showing cancellations for old crop, and a new crop sales pace that is more than 20% off the 5-year average for this time of year is pressuring. Old crop sales, however, are above expectations. Cooler drier weather is giving the trade some support, but the market is unlikely to rally on current fundamentals in the short term.

**US corn futures opened lower this morning.** Like beans, the US corn futures market is seeing some pressure to finish off the week. The Farm Journal crop tour was completed yesterday and final yield estimates released later today. However, news surfacing from the crop tour appears to be suggesting that the USDA's current yield estimate may be reasonable even though the August numbers were widely considered to be surprisingly high (169.5 bpa national average). Yes, there are problem areas in the US and yes, yield estimates are substantially lower than last year's, in some cases, by double digit percentages. All told, however, the message appears to be one of 'not as bad as we thought' despite a late start to planting and some challenging weather throughout the growing season.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5			136.35 139.05	122.24 133.33	119.92 127.69	127.68 135.47	136.03 139.03	141.38 146.23	146.13 146.25	150.26 162.50	160.41 171.97
Soymeal Wpg Delivered.	424	424	410	413	413	418					

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Solutions for Modern Livestock Production

**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**