



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, August 28, 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 regional cash markets continued their decline in last week's trade, losing more than \$1.00 USD/cwt per day. The typical increase in fall hog slaughter started a few weeks ago and is the critical factor that is driving hog prices lower. Wholesale pork buyers are less anxious about filling their orders now, knowing that they can generally expect a larger supply in the coming weeks. This seasonal feature shifts the market in favour of those buying both pork products and hogs. Pork belly prices continue to collapse, losing most of their summer gains and are down nearly 40% from their highs. However, it is important to note that prices are still close to 80% higher than where they were one year ago. Nearby lean hog futures are starting this week at their lowest level since last December; several speculators are unwilling to hold their losing long positions and commercial traders are still pessimistic about the cash market prospects this fall. Producers with forward price protection already in place should wait for a recovery before adding any additional protection.

**Canadian delivered soymeal prices opened lower this morning.** Pressure remains on the US soybean futures market to start the week on news that could be described as net-bearish. There is some supportive news surfacing (expectations of looming Chinese interest, for example), but pressure is likely to remain for now. The Farm Journal Crop Tour (previously known as the Pro Farmer Crop Tour) has pegged national yield at 48.5 bpa compared to the USDA's 49.4 bpa estimate. But as noted last week, no major widespread damage was reported and the tour appeared to reveal that conditions are not as bad as at first thought. Added to this revelation is data suggesting beginning stocks will be at a 9-year high and the expectation is that there will be a lot of soybeans to market in the 2017/18 crop year. Canadian dollar trading at 80 cents USD is also helping buyers in Canada this morning.

**US corn futures opened lower this morning.** News that Mexico has purchased some new crop corn and a lower yield estimate from last week's crop tour have not been enough to relieve the pressure on the US corn futures market. The Farm Journal tour published an estimate of 167.1 bpa compared to the USDA's 169.5 bpa number. The market likely is more comfortable with the lower number, but there is still some question if the tour's assessment is low enough. At least one analytics firm is using 166 bpa as a base in modelling which would put ending stocks estimates at 1.828 billion bu. compared to the current 2.273 billion bu. number on record. Regardless, beginning stocks are at a 29-year high and like beans, there will likely be a lot of US corn to market in the coming season.

US Slaughter	
2.338 mil.	Last Week
2.267 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$66.88
National	\$78.13
Iowa/S. MN.	\$66.95
Signature 5	\$163.19
HyLife (prev. day)	\$172.29
Britco (prev. day)	\$152.96
TCP/BP2	\$163.19
<b>BoC Rate (Noon) prev. day</b>	
\$1.2492 CAD / \$0.8005 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	177.41/80.47
Britco	176.82/80.21
TCP/BP2	185.00/83.92
ISO Weans	\$22.06 US Avg.
Feeder Pigs	\$38.50 US Avg.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5			134.24 136.94	120.52 131.61	118.21 125.96	125.37 133.12	133.68 136.67	139.14 143.97	144.04 144.16	148.13 160.34	158.25 169.77
Soymeal Wpg Delivered.	420	420	406	409	409	415					

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

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