



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, August 30, 2017

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

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

Forward contract prices opened mostly lower this morning.

US cash markets slowed their recent decline in yesterday's trade, dropping \$0.50 USD/cwt after a string of nearly two weeks where daily price drops averaged \$1.00 USD/cwt. However, the driving factor that has taken packer bids lower is still applying pressure with the pork carcass cut-out down more than \$1.00 USD/cwt due to weaker pork bellies. The pork belly primal cut lost more than 40% of its value over the month of August, representing the worst collapse of any pork primal cut in more than five years. The influence of belly primal alone on the pork carcass cut-out has resulted in the benchmark price falling by \$14 USD/cwt. Nearby lean hog futures prices suggest that the cash market weakness will continue for another month as the October contract is trading \$15 USD/cwt lower than the current cash market. However, the futures could find some support as large speculators are buying out of a significant number of their losing long positions.

Canadian delivered soymeal prices opened even this morning.

Pressure remains on the US soybean futures trade at mid-week as no real bullish news has yet developed. Some supportive information has surfaced and there is at least one analytics firm that has pegged acreage at 86.1 million acres compared to the USDA's 89.5 million acre estimate after conducting a survey from over 1,800 producers at the end of July. However, the results are not considered 'official' and the lack of market reaction to the news is unsurprising even though it might provide some valuable insight for the mid-term. Crop conditions improved 1% from last week and the progress on dropping leaves came in at 6% compared to a 5% five-year average.

US corn futures opened lower this morning. The US corn futures trade is still probing for a low which has not yet developed in any clear form. December corn is trading near \$3.40 USD/bu. currently – last year, December traded at a low of \$3.14 in August. This year's low could be just around the corner, some have suggested, as a culmination of massive beginning stocks and a progressing harvest converge. The Farm Journal Crop Tour estimates have generally come in lower than the USDA's numbers, but at least one commenter has noted the Farm Journal numbers (previously known as the Pro Farmer Crop Tour) are typically on the conservative side year-over-year.

US Slaughter	
450,000	Tuesday
437,000	Year Ago
Daily Prices	
W. Corn Belt	\$64.57
National	\$75.90
Iowa/S. MN.	\$64.56
Signature 5	\$158.36
HyLife (prev. day)	\$166.74
Britco (prev. day)	\$147.77
TCP/BP2	\$158.36
BoC Rate (Noon) prev. day \$1.2515 CAD / \$0.7990 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			132.05 134.78	117.92 129.12	115.58 123.42	121.73 129.52	130.08 133.08	136.00 140.85	141.63 141.74	146.62 158.94	156.83 168.47
Soymeal Wpg Delivered.	423	423	409	412	412	418					

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

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

Welcome - Pork On a Bun - Door Prizes

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