

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 08, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets continue to lose value this week, with packer bids dropping to the lowest level in a month. With Monday's holiday, packers have had no difficulty meeting their production requirements resulting in a relatively large 'Holiday' week slaughter, estimated at 1.925 million hogs. Negative news continues to feed the rationale for lower bids with last week's Hogs and Pigs report and this week's data release of May US pork export sales. Total US pork exports were up 5% over year ago levels, a more modest increase than what was expected by many traders. While the volume of pork shipped to China/Hong Kong more than doubled over May 2015, the US lost ground in Japan and South Korea, with these countries buying 20% and 30% less pork than they did in May of last year. An improvement in volume to Mexico was helpful, with that country buying 10% more than it did in May 2015. Lean Hog futures are lower again this morning, reflecting the lackluster results with winter month contracts trading near the lowest level for the year.

Canadian delivered soymeal prices opened mixed this morning. Despite increased volatility this week, the soybean complex is in a steep down trend, losing \$1.50/bushel over the last month. Near ideal growing conditions, combined with no new positive demand related news has prevented any significant price rallies. Weekend weather looks far from troubling, which only serves to extend the lower trend into next week. This bearish fundamental market information may combine with further fund selling to take soymeal prices down even lower in the weeks ahead.

US corn futures opened higher this morning. New crop Corn futures dropped sharply this week, losing more than 20% of their value. Near ideal growing condition have had most analysts adjust the production estimates higher which adds bearish pressure. In addition, late week declines in oil prices have weighed heavy on the corn market and added to the bearish trend. With corn prices dropping to the lowest level in years, hog production margins have improved significantly.

US Slaughter	
435,000	Thursday
417,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$77.75
National	\$82.93
Iowa/S. MN.	\$77.80
Signature 3	\$185.04
HyLife	\$189.82
TCP/Britco	\$184.75
Sig 3 4-Month Fwd.	\$ 156.68
BoC Rate (Noon) prev. day \$1.2984 CAD / \$0.7702 USD	
Cash Prices Week Ending July 09, 2016	
Signature 3	186.37/84.54
h@ms Cash	184.87/83.86
HyLife	Unavailable
TCP/Britco	190.90/86.59
ISO Weans	\$ 21.65 US Avg.
Feeder Pigs	\$ 43.03 US Avg.
#1 Export Sows (+500lbs.) \$41.50/cwt. (Tagged)	

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		163.96 181.33	157.01 165.39	155.75 156.95	129.57 145.74	131.37 137.35	134.02 142.39	144.78 145.98	149.37 149.37	149.97 160.87
Soymeal Wpg Delivered	551	546	544	539	538	538				
Corn	Local delivered price available on request									

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

follow us @hamsmarketing


Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS