



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 18, 2016

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

Forward contract prices opened lower this morning. US cash markets finished last week at their lowest level in more than two months, and down close to 12% from their recent highs only 3 weeks ago. Last week's slaughter of 2.12 million hogs reflects an ample supply, but with Saturday's slaughter estimated at only 16,000 hogs, it is obvious that packers are fully in control of their operating margins. The spread between US live hog prices and the aggregate value of the primal cuts (the carcass cut-out) is nearly \$20/cwt and the largest it has been in several years for mid-July timeframe, reflecting highly profitable packer margins. However, projected producer margins for the fall and winter months have only eroded over the last 3 weeks, with winter month Lean Hog futures putting in new contract lows last week. Despite being under significant price pressure, forward prices for the Nov – Feb timeframe represent 'fair value' given the expectation for as much as 3% more pork than year ago levels. Winter forward prices meet or exceed most of the cash prices that producers experienced in this timeframe last year.

Canadian delivered soymeal prices opened lower this morning. The soybean complex lower price trend is still intact after weekend rains, only served the market narrative of 'near perfect' growing conditions for most of the US Midwest. The forecast for high temperatures this week through the western portions of the Cornbelt may slow the bearish trend, but traders will likely wait for the critical pod forming stages in the first two weeks of August before applying the full weather impact on this year's crop.

US corn futures opened lower this morning. Ideal growing conditions throughout most of the US Midwest has dominated market fundamentals in Corn. New crop futures contracts are starting this week lower and threatening to post new contract lows. However, a growing consensus in long term weather forecasts for hot, dry conditions is likely to temper further losses. In addition, last week's trade saw a significant selloff by funds, which could ease the bearish pressure into this week.

US Slaughter	
2.121 mil.	Last Week
2.080 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$72.99
National	\$80.52
Iowa/S. MN.	\$73.00
Signature 3	\$173.59
HyLife	\$183.03
TCP/Britco	\$173.23
Sig 3 4-Month Fwd.	\$ 145.31
BoC Rate (Noon) prev. day \$1.2975 CAD / \$0.7707 USD	
Cash Prices Week Ending July 16, 2016	
Signature 3	180.92/82.06
h@ms Cash	179.42/81.38
HyLife	187.48/85.04
TCP/Britco	185.40/84.10
ISO Weans	\$ 23.20 US Avg.
Feeder Pigs	\$ 36.44 US Avg.
#1 Export Sows (+500lbs.)	\$36.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		158.15 173.05	147.36 156.30	146.77 147.96	120.56 136.64	122.34 128.30	125.43 133.74	136.11 137.30	141.27 141.27	141.86 152.90	155.70
Soymeal Wpg Delivered	535	535	536	533	532	532					
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.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

CALL CRYSTAL FOR MORE INFO 204-235-2225

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS