



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, July 19, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened mixed this morning. US cash markets started the week with steady bids, and a modest daily slaughter of 410,000 hogs estimated by the USDA. Wholesale pork prices improved by nearly \$1.00/cwt to the highest level seen so far in 2016, which resulted in another improvement in packer operating margins. However, packers have been hesitant to add hours to their production schedule to further capitalize on the high profitability, presumably fearful that they will have difficulty moving all the product in a lower trending market. Winter month Lean Hog futures hit new contract lows in yesterday's trade, with mounting concern over heavy hog supplies and export markets that may struggle to keep pace. A short term recovery in winter month forward prices is not out of the question, so producers should consider setting targets at \$2-\$5/ckg. higher than current prices in order to capitalize on an increase in market volatility.

Canadian delivered soymeal prices opened lower this morning. Soymeal futures moved lower in the overnight trade, dropping about 1.5% of their value despite promising export sales volumes of soybeans. The condition of the US soybean crop is the dominant factor that has moved the whole complex lower after yesterday's report showed 71% of the entire US crop was rated Good/Excellent. This latest rating was fully 10% higher than the 10-year average for this week, and represents one of the best ratings for the 3rd week of July that has been reported in 30 years.

US corn futures opened higher this morning. Corn futures are down more than 2% from yesterday's close, suggesting that the gains experienced yesterday were not well founded. It would have been hard for corn to find support after yesterday's USDA Crop Progress Report confirmed that 76% of the US crop was rated Good/Excellent. Nearly 60% of the crop was silking, well ahead of the average pace of development.

US Slaughter	
410,000	Monday
381,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$72.87
National	\$80.05
Iowa/S. MN.	\$73.05
Signature 3	\$173.43
HyLife	\$182.81
TCP/Britco	\$173.47
Sig 3 4-Month Fwd.	\$ 145.06
BoC Rate (Noon) prev. day \$1.2984 CAD / \$0.7702 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.) \$35.10/cwt. (Tagged)	

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		158.77 173.69	146.31 155.26	145.71 146.94	121.20 137.32	122.99 128.96	126.97 135.32	137.71 138.90	143.31 143.31	143.91 154.26	156.71
Soymeal Wpg Delivered	529	529	530	527	527	527					
Corn	Local delivered price available on request										

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