



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 26, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
2.144 mil.	Thursday
2.096 mil.	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$86.31
National	\$90.19
Iowa/S. MN.	\$86.38
Signature 5	\$211.16
HyLife (prev. day)	\$210.18
Britco (prev. day)	\$209.61
TCP/BP2	\$211.16
BoC Rate (Noon) prev. day \$1.3268 CAD / \$0.7537 USD	
Cash Prices Week Ending June 24, 2017	
Signature 3	210.40/95.44
Signature 4	204.73/92.86
Signature 5	207.56/94.15
h@ms Cash	206.06/93.47
HyLife	205.86/93.38
Britco	200.62/91.00
TCP/BP2	195.20/88.54
ISO Weans	\$25.29 US Avg.
Feeder Pigs	\$49.82 US Avg.

Forward contract prices opened higher this morning. US cash markets experienced a surge higher in last week's trade despite softer cash bids on Friday. Strong wholesale pork prices have provided packers with the confidence to add about \$2.00 USD/cwt to their cash offering, taking the negotiated price to its highest level in more than 2 years. Pork bellies and trimmings, in particular, are providing the most support with these products valued at 45% and 30% higher than they were one year ago. There is continued talk in the trade about a slowdown in pork export demand with last week's Cold Storage report numbers suggesting that supply may be outpacing sales growth. However, trader focus is likely to shift to this week's Hogs and Pigs report which will be released on Thursday afternoon. The trade is anticipating market hog inventory to be up between 3.5% and 5% over last year which would imply a weekly hog slaughter of more than 2.5 million hogs in several weeks this fall. Producers that already have coverage of 50% of their Sep – Feb production should consider setting targets on an additional 20% of their production at \$12CAD/kg higher than current prices in order to take advantage of the added price volatility seen recently.

Canadian delivered soymeal prices opened higher this morning. Much of the Midwest saw rain over the weekend and the models are now calling for above average temperatures over the next two weeks. Rain was varied coming in between ¾ of an inch and 5 ½ inches in the region. The rain, combined with the upcoming heat, has some analysts suggesting a greenhouse effect could be in the works and that the crop could dramatically improve amid the ideal growing conditions (a 'greenhouse effect' in this context is a positive development). Despite this news, US soybean futures are trading higher which could be a function of pre-report positioning. The first acreage report is due to come out this week with the range of estimates coming in between 88.9 and 91.0 million acres. As well, June 1 stocks are expected to be 983 million bu. on average, the 2nd highest on record at this time of the year.

US corn futures opened higher this morning. Like beans, US corn futures are trading higher ahead of the acreage report this week. Unlike beans, US corn is at slightly more risk of not producing due to some challenging weather to this point. Rain was welcomed over the weekend and some areas saw more than expected. But at least one ag publication has suggested it will take 'perfect' weather from now on if the crop is to develop to maximum potential. The pollination phase for some large growing areas may not materialize until the 4th week in July, a time when high heat could prove challenging. In the meantime, fund selling is keeping the pressure on and announcements from major central banks this week could add to currency volatility.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			174.47 182.88	160.96 169.56	157.93 160.79	137.77 149.51	135.32 143.53	139.90 148.10	148.70 151.86	152.22 157.33	157.79 158.63
Soymeal Wpg Delivered.	420	420	422	423	431	433	433				

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