



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 27, 2017

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↔

Corn: ↑ CDN Dollar: ↑

US Slaughter

435,000 Tuesday

426,000 Tuesday
(year ago)

Daily Prices

W. Corn Belt \$86.51

National \$90.47

Iowa/S. MN. \$86.50

Signature 5 \$211.26

HyLife (prev. day) \$211.27

Britco (prev. day) \$209.42

TCP/BP2 \$211.26

BoC Rate (Noon) prev. day

\$1.3238 CAD / \$0.7554 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 lower this morning. US cash markets traded steady with Friday's close while packers are cautious to start bidding higher for hogs that are in limited supply. Typically, wholesale pork prices peak for the year in the early summer timeframe with each of the last 3 years experiencing their highest price from late June to early August. This seasonal trend relates mostly to the tightest supply of pigs for the year, but also sees significant influence from the demand side due to demand over the grilling season. There is great interest in trading pork at these levels with hedgers and speculators both contributing to the highest open interest in over a year. With such a large number of contracts outstanding, this Thursday's Hogs and Pigs report could see some major price volatility, especially if the results diverge from current industry expectations. Market hog inventory is expected to be 3.5 - 4.5% higher than year ago levels. If it is outside of this range, this fundamental factor could change the price direction and outlook significantly.

Canadian delivered soymeal prices opened even this morning.

While the forecast to the end of the month will likely not contribute to any further crop stress for now, the market is being supported on other factors this morning. Yesterday's Crop Progress report showed that the good/excellent condition has dropped by 1% to 66%. Market expectations were for an increase to 68% so the reversal was a bit of a surprise. However, the 10-year average at this time of year is 65% so the crop is still on a decent pace. Other supportive news comes from exports where there is talk that the export number may need to be raised in the July WASDE report; cumulative export inspections for old crop are at 93.6% while the export sales are at 105.8% of the USDA estimates.

US corn futures opened higher this morning.

Support for the US corn market draws more globally than beans and there are crop development concerns in France, Germany and the Ukraine. Added to this are thoughts that the next heat wave in the US could hinder domestic crop development, potentially leading to damage, depending on the intensity and duration of the heat that is widely expected to materialize in July. Yesterday's Crop Progress report was also supportive as traders were looking for a 2% increase in the good/excellent category. Instead, no change was reported over the previous week and the crop estimated to be in good/excellent condition came in at 67%. Acreage and stocks reports from the USDA will be closely watched when they are released later this week.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			168.70 177.10	156.51 165.09	153.43 156.28	134.46 146.16	132.01 140.20	137.40 145.59	146.19 149.35	151.06 156.16	156.76 157.60
Soymeal Wpg Deliv- ered.	420	420	422	423	431	433	433				

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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