

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

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 28, 2017

For details call: (204)235-2237 or visit
www.hamsmarketing.ca

Forward contract prices opened mixed this morning. US negotiated cash markets were steady in yesterday's trade as packers were hesitant to add more money to their bids believing that wholesale markets could be topping. This week will be among the smallest US (non-holiday) slaughter weeks of the year, currently estimated around 2.17 million hogs. Wholesale pork prices are strong, hitting the highest level since October 2014 and providing indications that both domestic and export demand are performing well. However, the focus of traders will be squarely on tomorrow's release of the USDA Hogs and Pigs report. A survey of analysts ahead of the report has market hog numbers up between 3% and 4% over last year, with the different weight categories suggesting that the gain in supplies will be front loaded, or earlier in the 5-month time period that these hogs represent. The October and December lean hog futures have lost about 5% of their value over the last week with abundant supplies being the primary fundamental factor. At this point, market reaction to the report could be either higher or lower, depending on the actual results, but we do not anticipate a divergence from the trading range of the last two months.

Canadian delivered soymeal prices opened lower this morning. The US soybean futures trade has been in an uptrend since the beginning of the week despite a fundamental picture that has hasn't yet supported a definitive move higher. There is some hotter and drier weather moving into critical growing areas including the plains and the Dakotas, but the intensity, duration, and impacts of this weather pattern are still far from certain. There are also a lot of beans in the global marketplace. The market, however, is a bit nervous that the crop may not fare as well given the less than ideal start. Added to this are thoughts that the USDA will pare back acreage in the upcoming Acreage report released later in the week. In the meantime, some more rain would be welcome ahead of the next bout of heat that is expected to follow the July long weekend and last to the middle of the second week in July.

US corn futures opened mixed this morning. The US corn futures trade is trading in a mixed and choppy pattern as the technical action, farmer selling, and (current) fundamental picture intersect. For now, the fundamental picture looks positive in the short term and there are thoughts June 1 stocks will come in 400+ million bu. higher than last year pushing them over 5 billion bu. Further out, however, potentially low(er) production this year and a global drawdown expectation is supportive. US corn is also very much influenced by the weather and thoughts that a less than ideal start to the crop could pose production issues further out. For now, however, the crop that is in the ground is on pace with good/excellent conditions seen in the averages. Both Acreage (forward looking implication) and Grains Stocks (current situation) reports come out mid-trade, Friday.

US Slaughter	
436,000	Tuesday
428,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$86.29
National	\$91.36
Iowa/S. MN.	\$86.36
Signature 5	\$211.23
HyLife (prev. day)	\$212.87
Britco (prev. day)	\$208.30
TCP/BP2	\$211.23

BoC Rate (Noon) prev. day
\$1.3188 CAD / \$0.7583 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.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			169.90 178.21	155.64 164.15	152.80 155.62	133.67 145.28	131.24 139.37	136.80 144.92	145.51 148.64	150.22 155.28	156.10 156.93
Soymeal Wpg Deliv- ered.	417	417	418	420	429	430	430				

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.

h@ms Marketing Services will be closed Monday, July 3 for Canada Day.

Risk Management will be closed Tuesday, July 4 for Independence Day.

The HMO and Opening Price reports will not be published on both days.

The main office is open on Tuesday, July 4. Normal business resumes on Wednesday, July 5.

