

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

Forward contract prices opened mixed this morning. US cash markets are finishing this holiday-shortened slaughter week near where they began as packers are cautious to add money to their bids when pork prices may be topping out. This week will likely reveal the smallest US hog slaughter of the year, resulting from the typical seasonal trend of tightening hog supplies in this timeframe and the declining conception rates associated with hot summer weather last year. In addition, hogs struggle to maintain steady feed consumption as temperatures heat up, worsening the effect of tighter numbers. However, weekly pork production will typically experience a surge of about 7% over the month of August which explains why the August lean hog futures contract is trading at a 10% discount to the cash market. Despite the fact that forward contract prices have dropped from their highs yesterday, the September-February period still holds good value given the current market risks and producers should consider hedging up to 70% of planned production.

Canadian delivered soymeal prices opened higher this morning. While the Canadian dollar has rallied on a strong employment report (now trading at 77.6 cents USD as of this writing), it once again has not been enough to counteract the strength seen in beans and soybean meal. US soybean futures are poised to close higher for the ninth session in a row following the bullish news of the Grain Stocks and Acreage reports released last week, but also because there are new concerns over domestic weather, final South American production, and news that improving crush margins in China may reinvigorate demand from the region. The net result has meant that Canadian buyers are seeing increasing prices in the spot and forward contract markets. US crop progress, not to mention the influencing weather, will be closely watched in the short term.

US corn futures opened higher this morning. After a couple sessions of weakness, US corn futures are trading higher to finish a trading week that was made shorter by the July 4th closure. News of Chinese auctions are bearish, but there are some concerns that forecast heat for next week will impact over 60% of the corn belt at precisely the same time pollination is expected. As well, the Dakotas are still a bit dry and the forecast heat in the 90°F range (and higher) could prove problematic. As well, the EPA has maintained the renewable fuels standard (RFS) at 15 billion gallons for 2018 which is unchanged from the 2017 standard. The move is considered supportive and it also provides some certainty in the ethanol and biodiesel sectors for at least another year.

US Slaughter	
438,000	Thursday
431,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$88.03
National	\$92.42
Iowa/S. MN.	\$88.12
Signature 5	\$210.61
HyLife (prev. day)	\$211.17
Britco (prev. day)	\$208.64
TCP/BP2	\$210.64
BoC Rate (Noon) prev. day \$1.2946 CAD / \$0.7724 USD	
Cash Prices Week Ending July 8, 2017	
Signature 3	208.04/94.37
Signature 4	211.37/95.88
Signature 5	209.71/95.12
h@ms Cash	208.21/94.44
HyLife	n/a
Britco	208.37/94.52
TCP/BP2	210.82/95.63
ISO Weans	\$26.76 US Avg.
Feeder Pigs	\$51.97 US Avg.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		176.63 184.85	161.12 169.51	158.10 160.89	139.98 151.43	137.58 145.60	141.92 149.93	150.51 153.60	153.64 158.63	159.60 160.41
Soymeal Wpg Delivered.	453	454	457	469	474	474				

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