

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, July 19, 2017

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 continued their lower trend, with the last week of trade averaging a decline of about \$0.50/cwt per day in the Midwest. Weaker wholesale pork prices have led packers to cut the price that they are paying for hogs, as most of the primal cuts have dropped from their seasonal highs. The pork belly primal is still trading near its highest level since the fall of 2014, and is the primary driver that took the pork carcass cut-out value \$15/cwt higher than last summer's peak. However, with the smallest hog slaughter week behind us, meat buyers know that they can expect more abundant supplies in the coming months, which typically result in price concessions. Lean Hog futures have found some support after last week's steep decline, but the fall and winter month contracts are still heavily discounted from the cash market. A factor that could positively impact these contracts, is the startup of the two new slaughter facilities that is expected in early September. Packer margins are expected to narrow during the startup phase, as these plants compete for the live hog supply.

Canadian delivered soymeal prices opened even this morning. Price volatility is increasing for the soybean complex and all oilseeds, with weather playing a larger than normal role in the market this year. A large portion of the US soybean crop is short of moisture, as is the canola crop in Western Canada which is receiving some media attention in the US. However, soybean meal prices are not expected to break out of their recent trading range until the crop enters its most critical growth phase for another couple weeks.

US corn futures opened higher this morning. The near-term forecast has temperatures in Southern portions of the Cornbelt hovering around 100 degrees for the next 4 days. For the portion of the crop that is entering its pollination phase of growth, this could result in yield reductions. The market is factoring this development into the price of new crop Corn futures with a gain of nearly 2.5% in early trade.

US Slaughter	
441,000	Tuesday
431,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$85.87
National	\$92.50
Iowa/S. MN.	\$85.90
Signature 5	\$203.05
HyLife (prev. day)	\$206.26
Britco (prev. day)	\$198.39
TCP/BP2	\$203.05
BoC Rate (Noon) prev. day \$1.2628 CAD / \$0.7918 USD	

Cash Prices Week Ending July 15, 2017	
Signature 3	206.08/93.48
Signature 4	211.04/95.73
Signature 5	208.56/94.60
h@ms Cash	207.06/93.92
HyLife	209.19/94.89
Britco	207.84/94.28
TCP/BP2	209.71/95.12
ISO Weans	\$27.51 Avg.
Feeder Pigs	\$53.49 US Avg.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		167.17 175.18	150.79 158.98	148.03 150.75	131.69 142.88	129.36 137.18	136.65 144.50	145.07 148.09	148.71 153.59	153.68 154.48
Soymeal Wpg Delivered.	447	447	451	460	465	465				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

STRENGTH IN NUMBERS

follow us @hamsmarketing


Some Important Phone Numbers

Main Office: 204-233-4991
 Toll Free: 1-800-899-7675
 Logistics: 204-235-2225
 Risk Management: 204-235-2237