

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, July 20, 2017

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets continued their lower trend through mid-week, with the decline averaging about \$0.50/cwt per day over the last week. However, wholesale pork prices found support from another surge in pork belly prices, which are now just a few dollars away from their all-time high of \$214/cwt, established in early 2014. The daily hog slaughter is climbing, with the US weekday slaughter consistently coming in higher than 440,000 hogs. Hot temperatures in the Midwest will continue to limit growth levels which is likely to drive hog weights lower for another month, offsetting a portion of the increase in hog numbers. Lean Hog futures experienced a price recovery in yesterday's trade, with traders believing the \$12/cwt discount that the August contract held to the current cash market was too large given the firm wholesale pork prices. Producers looking to add price protection in the Sep – Feb timeframe should consider placing targets at \$8-\$10/cwt higher than current forward prices as higher volatility in both the Canadian Dollar and Hog futures may make these levels achievable.

Canadian delivered soymeal prices opened higher this morning. Oilseeds are starting the day higher again, with weather the predominant factor impacting the market. After the \$50/ton surge in US prices seen earlier this month, soybean meal futures have moderated and settled in to a sideways trend. The surge in the Canadian Dollar against the US Dollar has counteracted the impact of higher US prices, holding the price of new crop delivered soybean meal to levels only about 4% higher than experienced one month ago.

US corn futures opened higher this morning. The corn market is building in a larger weather premium, with very hot dry conditions forecast for huge portions of the Western Corn Belt. Prices may continue to trend in this direction as the crop approaches its critical pollination phase if hot, dry weather persists, which could significantly lower yields.

US Slaughter	
441,000	Wednesday
425,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$85.21
National	\$92.07
Iowa/S. MN.	\$85.27
Signature 5	\$201.27
HyLife (prev. day)	\$204.62
Britco (prev. day)	\$196.42
TCP/BP2	\$201.27
BoC Rate (Noon) prev. day \$1.2595 CAD / \$0.7940 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		169.59 177.57	151.95 160.11	149.14 151.85	132.48 143.62	130.15 137.95	137.23 145.05	145.61 148.63	148.79 153.66	153.92 154.71
Soymeal Wpg Delivered.	449	449	452	461	467	467				

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