

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 24, 2017

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

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

| US Slaughter | |
|---|-------------------------|
| 2.213 mil. | Last Week |
| 2.141 mil. | Last Week (year ago) |
| Daily Prices | |
| W. Corn Belt | \$83.56 |
| National | \$91.48 |
| Iowa/S. MN. | \$83.60 |
| Signature 5 | \$197.98 |
| HyLife (prev. day) | \$202.61 |
| Britco (prev. day) | \$191.87 |
| TCP/BP2 | \$197.98 |
| BoC Rate (Noon) prev. day \$1.2549 CAD / \$0.7969 USD | |
| Cash Prices Week Ending July 22, 2017 | |
| Signature 3 | 198.66/90.11 |
| Signature 4 | 206.29/93.57 |
| Signature 5 | 202.47/91.84 |
| h@ms Cash | 200.97/91.16 |
| HyLife | 204.29/92.67 |
| Britco | 205.00/92.99 |
| TCP/BP2 | 208.56/94.60 |
| ISO Weans | \$24.98 Avg. |
| Feeder Pigs | \$52.51 US Avg. |

Forward contract prices opened lower this morning. Most US cash market regions finished the week lower by about \$3.00/cwt or about 3.5%. The consistently lower trend over the week suggests a change from the stable trend, as packers take a more defensive approach in their hog procurement. Over the next 4 months, the US hog slaughter is expected to grow by about 15%, which will test the market's ability to clear all of the added supply. For most of 2017, exports have been excellent, with the year-to-date average to June 1st export volumes at 14% higher than year ago levels. However, recent weekly export volumes suggest that the market has seen a slowdown, in spite of the weaker US Dollar. The USDA's Monthly Cold Storage report which will be released this afternoon, will provide some insight on pork movement, with most market followers expecting a 50 million pound reduction in inventory. Lean Hog futures are likely to see influence from the results in tomorrow's trade as traders remain cautious about record pork supplies that are coming over the next few months.

Canadian delivered soymeal prices opened lower this morning. The soybean complex is starting this week lower, with rains over the week-end more significant and widespread than anticipated. Futures prices for Beans and Meal are down 2% this morning, but are unlikely to break even lower without more relief from drought and dryness. The latest crop condition report will be released this afternoon, with market anticipating a further decline in the percentage of the crop that is rated Good/Excellent.

US corn futures opened lower this morning. Corn futures are down sharply to start the week but are still expected to stay within their wide trading range. Rains over the weekend have mitigated some of the dryness in Northern Iowa and portions of the Eastern Cornbelt, but were not significant enough to ease all concerns. However, the 6-10 day forecast suggests cooler temperatures are on their way, which will benefit the crop in the critical pollination period.

| Fixed Forward Range (at opening) | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|-------------------------------------|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | 164.10 | 146.40 158.93 | 143.56 146.27 | 126.40 137.50 | 124.08 131.85 | 132.48 140.25 | 140.81 143.80 | 145.65 150.49 | 150.68 151.02 | 152.67 164.91 | 162.81 174.38 |
| Soymeal Wpg Delivered. | 437 | 437 | 440 | 449 | 453 | 453 | | | | | |

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Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

