

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, July 25, 2017

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

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

Forward contract prices opened mixed this morning. US cash markets started the week lower, with packers in the Midwest dropping their bids by \$0.50 - \$1.00/cwt. Hog supplies are growing in numbers with weekly hog slaughter consistently over 2.2 million hogs, but total pork production is maintaining a steady trend, with hog carcass weights continuing to fall. The USDA's Cold Storage report showed that pork supplies were 4% lower than year ago levels, an encouraging sign that the market continues to clear the added supplies. However, when you look deeper into the numbers, almost all of the primal cuts are showing an increase in stored supplies with the major exception being pork bellies. Pork belly inventory is down 65% from year ago levels, which helps to explain why the value of the primal cut is trading near all-time record highs. Lean Hog futures reacted positively to the report in early trade this morning, but the results come up a little short of analyst expectations which means that the market could still resume its weaker trend later today.

Canadian delivered soymeal prices opened lower this morning. The soybean crop condition, as determined by the weekly USDA survey, has deteriorated sharply over the last week. According to the report, the percentage of the crop that is rated Good/Excellent fell by 4% from 61% last week to 57%, and represents a much larger weekly drop than is typical for this time of year. However, the short term forecast has changed recently with 1-2 inches of rain expected across large section of the Midwest including South Dakota, Nebraska, Iowa and Minnesota.

US corn futures opened lower this morning. The US Corn crop experienced a 2% decline in the percentage of the crop rated good to excellent, falling to 62% as a national average. Most of the US crop is currently in the pollination phase, which is critical in determining yield. The cooler, wetter weather that is now in the short term forecast is having a bearish influence on futures prices, as this type of weather is more conducive to higher yields at this stage.

US Slaughter	
413,000	Monday
428,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$82.88
National	\$90.77
Iowa/S. MN.	\$82.92
Signature 5	\$195.84
HyLife (prev. day)	\$200.46
Britco (prev. day)	\$189.75
TCP/BP2	\$195.84
BoC Rate (Noon) prev. day \$1.2512 CAD / \$0.7992 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.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5	164.72	146.97 159.51	144.14 146.84	127.41 138.52	125.09 132.87	132.52 140.27	140.83 143.82	144.99 149.82	149.89 150.23	152.37 164.57	162.48 174.02
Soymeal Wpg Delivered.	436	436	439	448	453	453					

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