

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, July 26, 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 prices are called to open lower again this morning, following the same trend that started about 10 days ago. Packers have cut their bids for hogs by about 5% over this timeframe, with this recent weakness following the wholesale pork market trend. Over the course of the next 4 months, hog numbers are expected to grow close to 15%, which will put pressure on wholesale pork prices. However, pork belly prices remain the wild card as they continue to hover near all-time record highs, with demand still outpacing supply by a significant margin. Currently, traders of Lean Hog futures are generally pessimistic that pork bellies will see any further significant price appreciation, as current prices suggest the US cash market will drop about \$10/cwt over the next 3 weeks and another \$14/cwt over the following two months. Producers that have a large forward position already in place but are looking for more protection, should consider setting targets at prices \$15/ckg higher than current forward prices in the Sep – Feb timeframe.

Canadian delivered soymeal prices opened lower this morning. The short term forecast is playing a predominant role in grain and oilseed markets today, with the whole soybean complex moving lower based on the expectation of widespread rains in the Corn belt. The 1 to 2 inch rains that are forecast would help alleviate the dry conditions that continue to impact the projected yields that are now dipping below the trendline.

US corn futures opened higher this morning. Corn futures remain highly volatile, with the market covering most of its 1-month trading range over the last 3 days. The forecast for rain and more moderate temperatures has shifted the market lower, as traders grow more confident that most of the Corn crop will complete pollination without damaging temperatures.

US Slaughter	
444,000	Tuesday
427,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$82.72
National	\$90.22
Iowa/S. MN.	\$82.79
Signature 5	\$194.97
HyLife (prev. day)	\$198.68
Britco (prev. day)	\$189.37
TCP/BP2	\$194.97
BoC Rate (Noon) prev. day	
\$1.2507 CAD / \$0.7996 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	168.58	149.52 162.06	146.75 149.46	128.85 139.96	126.52 134.30	134.09 141.85	142.42 145.41	146.47 151.31	151.24 151.57	153.87 166.09	164.00 175.54
Soymeal Wpg Delivered.	435	435	446	450	450						

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