

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 28, 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. Negotiated cash prices in the US added some value in yesterday's trade, but not enough to break us out of the overall bearish trend. Packers seem content with their current market share and profit margins, so their cash bids are showing little volatility and continue to follow the trend of wholesale pork. All of the primal cuts that make up the pork carcass cut-out experienced a slow erosion of value over the last week with the exception of pork bellies, which maintained their highest value in years at about \$215/cwt. The pork carcass cut-out is currently valued near \$100/cwt, which is 20% higher than where it was at this time last year with most of this increase attributed to the gain in pork bellies. When one looks at the seasonal trend in pork bellies, they will typically maintain or appreciate in value for another month but are consistently among the most volatile and unpredictable primal cuts. Lean Hog futures continue to reflect a pessimistic view on the upcoming cash market, with early winter prices discounted about 30% from the current cash market, larger than what is typical for this time of year.

US Slaughter	
443,000	Thursday
416,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$82.93
National	\$89.39
Iowa/S. MN.	\$82.98
Signature 5	\$194.49
HyLife (prev. day)	\$196.75
Britco (prev. day)	\$190.01
TCP/BP2	\$194.49
BoC Rate (Noon) prev. day	
\$1.2520 CAD / \$0.7987 USD	

Canadian delivered soymeal prices opened even this morning. Current market fundamentals support a bullish price trend over the next several weeks, as demand for beans and meal is on solid footing, but supply appears to be at risk. The soybean crop in the Northern plains is deteriorating quickly with 80% of North and South Dakota in a 'moderate drought stage' or worse. This area represents roughly 15% of the total US soybean crop.

Cash Prices Week Ending July 29, 2017	
Signature 3	190.27/86.31
Signature 4	200.89/91.12
Signature 5	195.58/88.71
h@ms Cash	194.08/88.03
HyLife	Unavailable
Britco	196.44/89.10
TCP/BP2	202.47/91.84
ISO Weans	\$24.98 Avg.
Feeder Pigs	\$52.51 US Avg.

US corn futures opened lower this morning. Corn futures have shown resistance to moving higher despite a decisively bullish weather forecast. The long term forecast currently calls for a continuation of the dry trend, which could significantly reduce the size of the US crop. In fact, if there is no relief to the dry, long term outlook by Monday, Corn could see a spike higher and return prices to contract highs.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5	165.60	146.72 159.17	143.98 146.67	126.48 137.51	124.17 131.89	132.01 139.73	140.29 143.27	144.88 149.69	151.08 151.42	154.01 166.28	164.18 175.77
Soymeal Wpg Delivered.	439	439	450	453	453						

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