

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 30, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets gained about \$0.80/cwt in yesterday's trade to start the holiday shortened week. Packers are expected to slaughter 460,000 hogs per day for the rest of this week, as the Memorial Day holiday pushed back supplies to later in the week. The pork carcass cut-out has seen some support in recent days, primarily on gains experienced in the ham primal cut which has added about 10% of value over the last week. Over the last 3 trading days, Lean Hog futures have recovered from contract lows and are trading at their highest level in 2 weeks. There has been no improvement in either the supply or demand fundamentals over this timeframe with the gains likely being driven by traders following technical indicators. With forward prices in the September – December timeframe recovering to levels that were similar to the average cash price experienced last fall, producers should use the opportunity to secure prices on 50% of their production to mitigate the price risk associated to the record production that is expected.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are under pressure this morning. Planting progress is clipping along at a decent pace and there is some rain on the horizon in regions that will benefit the crop that is already in the ground. Yesterday, the USDA reported that an estimated 77% of soybeans are planted against a pre-report expectation of about 73% and the 65% 5-year average. As well, there is some news the China/USA trade spat is still simmering and that the technology tariffs are 'back on', suggesting the two countries are not making progress to the degree expected, even, as early as last week when things seemed to be progressing.

US corn futures opened lower this morning. Like beans, US corn futures are under pressure following the news coming from China (even if the USA is not a large supplier of corn to China comparatively speaking), decent weather, and crop progress that, also like beans, came in at good levels. US corn planting progress is estimated at 92% completed against a 93% expectation and 90% last year. The first look at conditions was also revealed yesterday and US corn is estimated at 79% in good/excellent condition compared to a 72% expectation representing the second highest rating at this time of year since 1994 (which is first overall).

US Slaughter	
431,000	Tuesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$66.03
National	\$70.29
Iowa/S. MN.	\$66.09
ML Signature 5	\$160.01
HyLife (prev. day)	\$160.83
TCP/BP2	\$160.01
BoC Rate (Noon) prev. day	
\$1.3020 CAD / \$0.7680 USD	
Cash Prices Week Ending May 26, 2018	
Signature 3	152.01/68.95
Signature 4	159.53/72.36
Signature 5 Brandon	155.77/70.66
h@ms Cash	154.27/69.98
HyLife	158.73/72.00
TCP/BP2 Moose Jaw/Langley	151.96/68.93
2018 Top-Up Estimate	
\$4.55/ckg (call for details)	
ISO Weans	\$27.24 US Avg.
Feeder Pigs	\$48.83 US Avg.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			172.83 177.74	168.71 174.73	144.58 158.24	141.94 145.75	128.07 139.62	127.03 130.89	129.97 141.64	142.11 144.19	144.77 146.50	147.71 158.05
Soymeal Wpg/S. Man Delivered	533	533	536	535	536	537						

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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

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