

Hog Prices: ↓↑ Soymeal: ←→

Corn: ↑ CDN Dollar: ↓

**Forward contract prices opened mixed this morning.** US cash markets made solid gains in yesterday's trade with most regions reporting a \$2.00 USD/cwt jump in the price paid for live hogs. This followed a similar sized increase in the pork carcass cut-out yesterday with loins, hams and bellies all improving by more than \$3.50/cwt in yesterday's trade. However, the positive cash market trade was in stark contrast to the futures market that experienced losses of between \$1.00 and \$2.00 USD/cwt in response to the latest news related to trade. The US announced they would be applying tariffs on steel and aluminum imports from Canada, Mexico, and the European Union and those countries responded quickly with their own retaliatory tariffs on steel, aluminum and hundreds of other USA products. In particular, Mexico has stated that it would be targeting pork products, among many others, which would have a significant impact on both cash and lean hog futures prices. Trade uncertainty has severely weakened the market for pork for 2018 and 2019, and producers should take precautions to mitigate this price risk especially in the context of record supplies. Producers should look to cover up to 60% of their production from August to February at current forward prices, with a focus on the November/December timeframe.

**Canadian delivered soymeal prices opened even this morning.**

US soybean futures are up while soymeal futures are down to finish this holiday-shortened trading week. There is a lot of 'noise' in the marketplace as the China/US trade dispute lingers and the rhetoric (and policy reactions) ramps up between the NAFTA partners with really no disagreement on who the antagonist is. Despite this, fundamentals are still influencing. Argentine yields are down according to the Buenos Aires Grains Exchange as harvest moves into the areas harder hit by drought. Net sales are up 31% from the 4-week average and if the talk is true, Argentina is bringing beans in to supply crushers which could be supportive for beans, but somewhat pressuring for meal in the short-to-mid terms.

**US corn futures opened higher this morning.** US corn futures are finishing the week higher despite the ramping up of trade hostilities between the three NAFTA partners. NAFTA is quite a bit more important than Chinese/US trade relations for the corn trade (not to mention pork) as Mexico is the number one destination for export corn. There is talk that this support is coming from weather forecasts even though the two main models (Global Forecast System (GFS) and the EU models) are not in complete agreement. Regardless, there is some concern that the central plains will be hit by hotter weather. There is also talk that new money may have entered the trade on the first trading day of the month.

US Slaughter	
463,000	Thursday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$69.44
National	\$71.01
Iowa/S. MN.	\$69.45
ML Signature 5	\$164.01
HyLife (prev. day)	\$161.19
TCP/BP2	\$164.01
<b>BoC Rate (Noon) prev. day</b>	
\$1.2948 CAD / \$0.7723 USD	
Cash Prices Week Ending June 2, 2018	
Signature 3	159.20/72.21
Signature 4	162.77/73.83
Signature 5 Brandon	160.99/73.02
h@ms Cash	159.49/72.34
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	155.77/70.66
2018 Top-Up Estimate	
\$4.43/ckg (call for details)	
ISO Weans	\$27.24 US Avg.
Feeder Pigs	\$48.83 US Avg.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		171.67 176.62	168.28 174.35	143.76 157.54	141.06 144.90	126.40 138.05	125.35 129.24	127.86 139.61	140.08 142.17	143.45 144.68	145.85 156.25
Soymeal Wpg/S. Man Delivered	540	543	541	542	542						

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