

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

Forward contract prices opened mostly higher this morning.

US cash markets gained \$0.60-\$0.90 USD/cwt in yesterday's trade despite the pork carcass cut-out losing about \$0.30/cwt in yesterday's trade. Hog supplies have tightened this week, leaving some packers short of supplies to meet their planned production schedule. However, estimated pork packer margins have been cut in half compared to levels seen just one week ago which is likely to initiate some production cut-backs. Yesterday, lean hog futures made significant gains with the summer month contracts adding between \$2.00 and \$3.00 USD/cwt and the fall period adding \$1.50/cwt. At current prices, the cash market would need to gain about 10% of its value over the next 5 weeks to meet the implied price for mid-July. However, producers should focus on covering up to half of their September – December production at current prices which are similar to the cash prices experienced last year. With pork production estimated to be 5% larger and two of the Top five export destinations placing tariffs on all or some pork products, it seems unlikely that pork prices will be higher this fall.

Canadian delivered soymeal prices opened lower this morning.

More 'political' observation than talk about fundamentals (or, even the technical indicators, for that matter) is keeping traders on their toes. Adding confusion and uncertainty is some inconsistent messaging between the US administration and the political branch (Speaker Ryan, for example). The tone coming from the US president has been increasingly hostile on the trade file and all eyes will be on the G7 summit taking place in Quebec to see if any progress (or consistency) can be made. In the meantime, crops continue to grow and sales continue to be made. This morning's export sales report showed net sales were down 40% from previous week and 5% from the 4-week average, ushering in a bearish tone this morning.

US corn futures opened higher this morning. Net sales of US corn saw a reduction of 16% from the previous week and 5% from the rolling, four-week average, yet US corn futures are trading higher this morning. This may be a case of the longer term fundamental picture overshadowing reports and geopolitics as there is some concern heat during the pollination phase could reduce yield on lowered acreage (compared to last year). There are a couple models showing yields below the trend line will significantly reduce ending stocks for the 2018/19 crop year in the US. Other global exporters (Black Sea region) are also facing reductions on output this year. And there are also ideas that a general global drawdown in stocks will be supportive in the medium term. The June WASDE report will be released next week.

US Slaughter	
451,000	Wednesday
442,000	Year Ago
Daily Prices	
W. Corn Belt	\$73.46
National	\$73.55
Iowa/S. MN.	\$73.71
ML Signature 5	\$171.22
HyLife (prev. day)	\$168.18
TCP/BP2	\$171.22
BoC Rate (Noon) prev. day	
\$1.2913 CAD / \$0.7744 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	161.75/73.37
TCP/BP2 Moose Jaw/Langley	155.77/70.66
2018 Top-Up Estimate	
\$4.43/ckg (call for details)	
ISO Weans	\$27.75 US Avg.
Feeder Pigs	\$49.06 US Avg.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		174.05 179.00	167.04 173.11	144.14 157.93	141.45 145.29	126.83 138.48	125.78 129.67	129.24 140.99	141.46 143.55	144.32 145.56	146.49 156.88
Soymeal Wpg/S. Man Delivered	519	522	521	525	527	527					

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Some Important Phone Numbers

Main Office: 204-233-4991

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