

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 28, 2018

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened lower this morning.** US negotiated cash markets lost another \$0.50 USD/cwt in yesterday's trade, erasing any gains that have accumulated over the last 17 days. Packers have cut their bids over the last several days as a response to their low operating margins and the lull in demand that occurs after the July 4<sup>th</sup> surge. The USDA's Hogs and Pigs report will be released after the market closes this afternoon and it is expected to be the primary factor influencing the market. A survey of analysts completed by meat merchandizing company Urner Barry estimated market hog supplies to be up from last year by about 3% with a general trend in expectations to observe more growth in the lighter hog categories compared to the heavier ones. Analysts' estimates are consistent with the results of the last two Hogs and Pigs reports; however, there has been talk of even heavier supplies moving into the fall resulting from production increases that coincide with the increase in packer capacity. An increase of more than 4% in any market hog category would likely cause a downward move in the futures in tomorrow's trade.

US Slaughter	
452,000	Wednesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$77.04
National	\$84.24
Iowa/S. MN.	\$77.07
ML Signature 5	\$193.44
HyLife (prev. day)	\$197.27
TCP/BP2	\$193.44
<b>BoC Rate (Noon) prev. day</b> \$1.3307 CAD / \$0.7515 USD	
Cash Prices Week Ending June 23, 2018	
Signature 3	200.94/91.15
Signature 4	195.88/88.85
Signature 5 Brandon	198.41/90.00
h@ms Cash	196.91/89.32
HyLife	196.17/88.98
TCP/BP2 Moose Jaw/Langley	185.04/83.93
2018 Top-Up Estimate	
\$3.52/ckg (call for details)	
ISO Weans	\$18.14 US Avg.
Feeder Pigs	\$39.89 US Avg.

**Canadian delivered soymeal prices opened lower this morning.** Export sales were supportive this morning coming in 19% over last week and 14% compared to the rolling four-week average, but international trading relationship uncertainty and two large USDA reports coming out tomorrow have the trade on the defensive. Soybean futures contracts are down this morning amid talk that traders are positioning themselves ahead of the Acreage and Quarterly Grains Stocks reports that will be released mid-trade tomorrow. While US soybean futures are technically oversold at this stage, it will take some particularly bullish news in either of the two reports tomorrow to shake off the bearish (and 'risk off') tone currently harboured in the market.

**US corn futures opened higher this morning.** Like beans, US corn futures are under some pressure as traders position themselves before the two large USDA reports coming out tomorrow. The most recent news, again like beans, would normally suggest that some support was underfoot. However, not even numbers showing export sales up 16% over the rolling four-week average has been enough to prompt a recovery. There is no shortage of analysts suggesting that geo-political current events have a part to play in the current bearish tone. But with trade at contract lows and ideas that the new crop will see a draw down in stocks, tomorrow's reports will likely have to be substantially bearish to push the trade lower.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		179.57	166.05 172.02	141.71 155.80	139.11 141.73	125.12 137.87	124.28 128.02	127.89 139.68	140.27 142.42	143.61 145.87	148.07 158.66
Soymeal Wpg/S. Man Delivered	487	487	491	491	490	489	489				

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Hams Marketing Services will be closed Mon., July 2 for Canada Day observance.

All forward contracting will be closed one hour early on Tues., July 3 and all day Wed., July 4 for Independence Day (USA).

Main office will be open on the 3<sup>rd</sup> and 4<sup>th</sup>.

The HMO and Opening Price reports will not be published on the national holiday days.

