

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 29, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
450,000	Thursday
443,000	Year Ago
Daily Prices	
W. Corn Belt	\$77.56
National	\$83.91
Iowa/S. MN.	\$77.72
ML Signature 5	\$193.11
HyLife (prev. day)	\$196.53
TCP/BP2	\$193.11

BoC Rate (Noon) prev. day
\$1.3267 CAD / \$0.7537 USD

Cash Prices Week Ending June 30, 2018	
Signature 3	189.81/86.10
Signature 4	199.84/90.65
Signature 5 Brandon	194.83/88.37
h@ms Cash	193.33/87.69
HyLife	198.01/89.82
TCP/BP2 Moose Jaw/Langley	198.41/90.00

2018 Top-Up Estimate
\$3.54/ckg (call for details)

ISO Weans \$18.14 US Avg.
Feeder Pigs \$39.89 US Avg.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		183.16	166.57 172.51	134.43 137.04	134.43 137.04	120.46 133.15	119.63 123.35	123.12 134.85	135.44 137.57	139.13 141.38	142.86 153.34
Soymeal Wpg/S. Man Delivered	483	483	488	487	487	487	487				

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

Forward contract prices opened mostly lower this morning.

US cash hog markets recovered some value that was lost over the last week in yesterday's trade with most regions reporting gains of \$0.50 -\$0.60 USD/cwt. Wholesale pork prices were down slightly, but packer operating margins have much improved from levels seen last week. However, focus is squarely on the results of the Hogs and Pigs report which may have surprised some traders with an increase in the Breeding Herd of 3.5%, approximately twice as large as the average industry estimate going into yesterday's release. Several of the market hog categories also showed more extensive growth in inventory than was anticipated which will add supply pressure in the late summer and fall timeframe. Market reaction was decisive this morning, with all of the fall and winter month lean hog futures contracts losing more than \$2.00 USD/cwt or approximately 5% of their value. Producers still looking for protection in this timeframe can set targets similar to yesterday's close and wait for a modest recovery from today's sharp decline.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading in a mixed and choppy pattern ahead of the two USDA reports that will be released mid-trade later this morning. Trading is light ahead of the releases and geo-political events will likely take a back seat in the session today (if only briefly; Canada and Mexico apply tariffs on US goods on July 1). For acreage, pre-report estimates range between 89.1 and 90.7 million acres. For stocks at June 1, the estimates range between 1.115 and 1.305 million bushels.

US corn futures opened higher this morning.

Like beans, the US corn futures trade is awaiting fresh new on acreage and June 1 stocks that should provide the market with some information for ideas on direction. US corn futures are trading amid contract lows, and the general consensus is that it would take significant bullish news to move the market off those levels. However, the USDA has been known to surprise and market participants are currently taking their last-minute positions. In the meantime, planted corn acreage is estimated between 87.6 and 90.4 million acres while June 1 stocks are estimated to be between 5.004 and 5.500 million bushels.

Analysts' Expectations vs. June Quarterly Hogs and Pigs Report			
	Range of estimates (% of 2017)	Avg. Pre-report	USDA Report
All hogs	102.6-103.4	103.0	103.4
Breeding	101.0-102.1	101.7	103.5
Marketing	102.8-103.5	103.1	103.4
>180 lbs.	102.0-103.2	102.7	102.4
120-179 lbs.	102.0-104.0	103.1	104.0
50-119 lbs.	102.9-103.-	103.3	103.5
<50 lbs.	102.7-103.9	103.2	103.6

Source: citing Urner Barry in DLR; USDA

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 3rd and 4th.

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

