

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 09, 2018

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

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

Forward contract prices opened lower this morning. US cash markets finished last week steady with the previous week's close with the regional markets showing a choppy trend. After hitting a high near \$84 USD/cwt about two weeks ago, cash values have declined approximately 10% as packer margins dipped into negative territory and resulted in more disciplined buying from US plants. Wholesale pork prices over the same timeframe have been close to steady on average with pork bellies supporting the cut-out value while loins, ribs and hams have come under pressure. Lean hog futures opened near steady, but quickly trended lower in early morning trade, pressured by the fundamentals of a larger supply combined with larger tariffs being applied by both Mexico and China. The market is also reflecting the latest trade data which shows that the United States showed no growth in pork exported for the month of May compared to a year previous. The main factor contributing to the poor performance was trade with China which was down close to 50% from year ago levels.

Canadian delivered soymeal prices opened lower this morning. US soybean markets have moved sharply lower this morning after some support seen late last week. There is talk the move is a function of profit taking following last week's support. Crop conditions will be released later today, but the market is not expecting any drastic changes from last week's numbers; some beneficial rain has fallen in areas that needed it, but there has also been reports of too much rain in other areas. The July WASDE report will be released on Thursday to provide the market with fresh news on supply and demand estimates. The demand side will be closely watched considering the current international trade dynamic and the ongoing ramping up of hostilities.

US corn futures opened lower this morning. Like beans, US corn futures are trading lower to start the week stemming from profit taking in a market that is not confident any support will be soon coming. The nearby contract is now trading in the \$3.40 USD/bu. range which is among the bottom-three lowest daily levels for the contract. Comparatively speaking, the July WASDE report hasn't moved the market that much according to some commentators. But those same commentators are today suggesting that a bit more volatility than usual could surface if the USDA is particularly aggressive in estimating the impacts of an escalating trade dispute with China and others.

US Slaughter	
1.988 mil.	Last Week
1.877 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$77.25
National	\$82.17
Iowa/S. MN.	\$77.35
ML Signature 5	\$188.35
HyLife (prev. day)	\$189.87
TCP/BP2	\$188.35
BoC Rate (Noon) prev. day \$1.3105 CAD / \$0.7631 USD	
Cash Prices Week Ending July 07, 2018	
Signature 3	187.86/85.21
Signature 4	193.03/87.56
Signature 5 Brandon	190.45/86.39
h@ms Cash	188.95/85.71
HyLife	190.95/86.61
TCP/BP2 Moose Jaw/Langley	194.83/88.37
2018 Top-Up Estimate	
\$3.51/ckg (call for details)	
ISO Weans	\$17.70 US Avg.
Feeder Pigs	\$32.76 US Avg.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		162.72 168.73	131.67 145.82	129.12 131.71	117.31 129.90	116.37 120.06	122.96 134.83	135.30 137.53	140.85 143.08	144.79 149.92	164.07 166.89	166.18 171.99
Soymeal Wpg/S. Man Delivered	480	483	483	482	481	481						

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