

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, July 26, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets resumed their lower trend yesterday, dropping \$1.00/cwt in yesterday's trade. With a large packer taking time out of their schedule for maintenance, the rest of the plants had no difficulty sourcing the supplies they needed to meet their planned production. The October and December Lean Hog futures have rallied about \$4.00/cwt since the start of this week, bouncing back from contract lows hit last Friday. Market fundamentals have not changed over this timeframe, with record large pork supplies and trade disruptions still anticipated to be the primary drivers of the 2nd half of 2018. However, the discounts from the cash market that were being applied to these months were easily the largest seen in a decade and possibly overlook the dynamic nature of markets to respond to shocks such as these. Producers looking to protect against a return to market lows should consider using today's rally as a pricing opportunity with the September – January timeframe valued at its highest level in about 2 weeks. Upside potential beyond this level is also limited by the strengthening Canadian Dollar.

Canadian delivered soymeal prices opened higher this morning. The whole soybean complex was lifted in overnight trade, responding to news that the EU would increase its purchases of US Soybeans. However, this news changes little in the Soybean market as the tariffs that China has applied on US soybeans has lead China to purchase more product from South America, leaving buyers from the EU looking for a new supplier. New crop Soybean meal hit its highest price in weeks in overnight trade, but prices have moderated since then.

US corn futures opened higher this morning. New crop Corn futures have rebounded to their highest level in a month, largely on influence from stronger soybeans. Weather forecasts are neutral to the crop conditions, with modest rainfall amounts expected over the next week through most of the US Cornbelt.

US Slaughter	
381,000	Wednesday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$65.39
National	\$75.67
Iowa/S. MN.	\$65.39
ML Signature 5	\$166.33
HyLife (prev. day)	\$175.22
TCP/BP2	\$166.33
BoC Rate (Noon) prev. day	
\$1.3088 CAD / \$0.7641 USD	
Cash Prices Week Ending July 21, 2018	
Signature 3	173.39/78.65
Signature 4	186.51/84.60
Signature 5 Brandon	179.95/81.62
h@ms Cash	178.45/80.94
HyLife	183.60/83.28
TCP/BP2 Moose Jaw/Langley	186.52/84.60
2018 Top-Up Estimate	
\$3.62/ckg (call for details)	
ISO Weans	\$15.54 US Avg.
Feeder Pigs	\$33.96 US Avg.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		143.97 147.35	128.24 142.39	125.61 128.20	110.74 123.33	109.79 113.49	116.43 128.30	128.77 131.01	133.36 135.60	136.74 141.84	160.12 162.93	162.22 168.01
Soymeal Wpg/S. Man Delivered	484	488	487	487	487	487						

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