

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 27, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US negotiated cash markets were down about \$1.30/cwt in yesterday's trade, but packer margins were squeezed even further as the pork carcass cut-out dropped more than double this amount. Packers have cut their bids by more than 20% over the past month, a counter seasonal trend that is rooted in export market uncertainty. Plant maintenance has taken at least two plants offline this week, resulting in daily slaughter levels that are close to 80,000 hogs smaller than recent levels. Despite gains seen in early trade yesterday, the October and December contracts were unable to maintain their strength throughout yesterday and lost more than \$3.00/cwt from their highs. The negative cash market influence has been too great on the futures months for them to maintain the support that was seen mid-week. The Canadian Dollar rallied to its highest level in more than a month, dropping about \$2.50/kg off prices over the last week. Producers looking for added price protection in the winter should utilize forward price target contracts in order to capitalize on the added volatility that the market is experiencing.

US Slaughter	
367,000	Thursday
442,000	Year Ago
Daily Prices	
W. Corn Belt	\$63.84
National	\$74.31
Iowa/S. MN.	\$63.86
ML Signature 5	\$162.61
HyLife (prev. day)	\$171.18
TCP/BP2	\$162.61
BoC Rate (Noon) prev. day	
\$1.3065 CAD / \$0.7654 USD	
Cash Prices Week Ending July 28, 2018	
Signature 3	158.41/71.85
Signature 4	177.47/80.50
Signature 5 Brandon	167.94/76.18
h@ms Cash	166.44/75.50
HyLife	Not Available
TCP/BP2 Moose Jaw/Langley	179.95/81.62
2018 Top-Up Estimate	
\$3.82/ckg (call for details)	
ISO Weans	\$15.54 US Avg.
Feeder Pigs	\$33.96 US Avg.

Canadian delivered soymeal prices opened mixed this morning Soybeans gained more than 10 cents/bushel in early morning trade, with similar support being seen in Soybean Meal. Beans have strengthened over the last two weeks by more than 5% of their value with Fund buying likely behind much of these gains as there have been no improvements to the trade conflict with China that has cut export demand in US product significantly.

US corn futures opened higher this morning. New crop Corn futures have gained about 25 cents/bushel over the last 2 weeks, despite a developing crop that is maintaining its condition and yield potential. Strong demand from the feeding sectors which are on pace for record large meat production are providing underlying support, but the Corn market is largely following the lead of soybeans.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		138.48 141.85	117.00 131.13	114.50 117.09	101.87 114.45	100.93 104.63	108.54 120.40	120.87 123.10	126.58 128.81	130.31 135.42	155.01 157.82	157.12 162.91
Soymeal Wpg/S. Man Delivered	485	489	488	486	486	486						

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STRENGTH IN NUMBERS

