



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

Hog Margin Outlook

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Friday, July 20, 2018

Forward contract prices opened lower this morning. US cash markets continued their steep decline, with regional prices losing about \$1.50/cwt in yesterday's trade and dropping lower than the benchmark price of \$70/cwt. Daily hog slaughter saw more than 460,000 hogs several days this week and with hog weights still on the lighter side and is an indication that producers are very current with their marketings. Packers have been able to recover some of their margin losses this week, despite further weakness in wholesale pork prices. The weak trend in the pork market this summer appears stark in contrast with year ago levels, which saw the pork cut-out trade at levels higher than \$100/cwt. This places current pork prices close to 20% lower than year ago with the only consistent support coming from pork bellies. 2018 Lean Hog futures are all trading at or near contract lows with this morning's trade losing \$0.50 - \$1.00/cwt from yesterday's close. Pressuring forward contract prices further is the Canadian Dollar, which is up 75 basis points against the US Dollar in response to higher than expected inflation rates.

Canadian delivered soymeal prices opened lower this morning. The soybean complex continues its sideways trend, with no significant weather effects and no further developments in the trade dispute with China. The decline in value over the last two months and improved crush margins may have helped spur demand for beans and meal. Today's stronger Canadian Dollar has had a negative effect on Canadian delivered soymeal, dropping nearly \$5.00/tonne to their lowest level since January.

US corn futures opened lower this morning. Corn futures are finishing the week near steady with where they started, but still close to 10% lower than levels seen just 2 months ago. The weekend weather forecast suggests good moisture and moderate temperatures through northern sections of the Cornbelt which would be a bearish influence on the overall market.

US Slaughter	
461,000	Thursday
438,000	Year Ago
Daily Prices	
W. Corn Belt	\$69.27
National	\$78.63
Iowa/S. MN.	\$69.35
ML Signature 5	\$176.65
HyLife (prev. day)	\$182.74
TCP/BP2	\$176.65
BoC Rate (Noon) prev. day	
\$1.3255 CAD / \$0.7544 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	Not Available
TCP/BP2 Moose Jaw/Langley	186.52/84.60
2018 Top-Up Estimate	
\$3.62 ckg (call for details)	
ISO Weans	\$15.32 US Avg.
Feeder Pigs	\$31.52 US Avg.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
TCP/BP2		129.87 149.29	113.35 121.16	109.24 112.74	97.74 106.46	95.64 100.87	101.63 112.95	113.82 119.86	124.03 128.52	129.65 138.37	142.99 154.77	151.85 164.08
Soymeal FOB Langham	526											

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