

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, August 01, 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 cash markets dropped \$1.50 USD/cwt in yesterday's trade with packers having no difficulty sourcing live supplies after last week's reduced slaughter due to plant maintenance. Today's slaughter is anticipated to be close to 80,000 hogs larger than last Wednesday and is likely a factor in influencing pork buyers to delay buying some of their needs. Pork belly prices have collapsed (with values cut by one third over the last two weeks) influencing the pork carcass cut-out lower despite support being seen in most of the other cuts. Packer margins have been relatively stable with modest profitability over the last six weeks, but the typical trend is for the spread between the cut-out and cash hog values to start to widen in the middle of August which would be a bearish influence on cash hog prices. Producers should view any price recovery in the January – February timeframe as a chance to mitigate further downside risk as heavy supplies and weak exports could still be plaguing the market in six months' time.

Canadian delivered soymeal prices opened even this morning. While some weather concerns and short covering has provided support to the soybean futures complex this week, there was also talk yesterday that China and the USA will resume trade negotiations, providing additional support. Yesterday, the maker closed at its highest rate since June on that very talk as some optimism took hold. However, the market has backed off the highs this morning as another report released today suggests trade concerns are far from over; the China/USA trade relationship remains chilly and progress remains slow.

US corn futures opened lower this morning. US corn futures have once again turned lower this morning. While US corn has seen support since the middle of the July, the nearby futures values are still lower than the \$4.00 USD/bu. 'benchmark' by almost 30 cents and the market is once again focused on the lack of progress on the international trade front. The forecast shows the weather is turning more positive for crop development in the next day or two as temperatures trend closer to averages and beneficial rain moves into areas that need it. However, more heat is expected for the weekend and growing crops will need this relief to fend off the heat.

US Slaughter	
448,000	Tuesday
443,000	Year Ago
Daily Prices	
W. Corn Belt	\$59.45
National	\$71.53
Iowa/S. MN.	\$59.44
ML Signature 5	\$153.53
HyLife (prev. day)	\$163.92
TCP/BP2	\$153.56
BoC Rate (Noon) prev. day	
\$1.3017 CAD / \$0.7682 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	174.05/78.95
TCP/BP2 Moose Jaw/Langley	179.95/81.62
2018 Top-Up Estimate	
\$3.82/ckg (call for details)	
ISO Weans	\$16.65 US Avg.
Feeder Pigs	\$23.41 US Avg.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		115.61 129.66	113.08 115.65	100.99 113.50	100.05 103.72	107.92 119.72	120.18 122.40	126.26 128.48	129.96 135.04	154.98 157.78	157.08 162.84
Soymeal Wpg/S. Man Delivered	495	494	494	495	495						

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STRENGTH IN NUMBERS

