

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, August 20, 2018

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

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

US Slaughter	
2.459 mil.	Last Week
2.340 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$40.21
National	\$55.20
Iowa/S. MN.	\$40.13
ML Signature 5	\$112.30
HyLife (prev. day)	\$127.78
TCP/BP2	\$112.30
BoC Rate (Noon) prev. day \$1.3081 CAD / \$0.7645 USD	
Cash Prices Week Ending August 18, 2018	
Signature 3	103.74/47.06
Signature 4	138.80/62.96
Signature 5 Brandon	121.27/55.01
h@ms Cash	119.77/54.33
HyLife	134.60/61.05
TCP/BP2 Moose Jaw/Langley	135.74/61.57
2018 Top-Up Estimate	
\$4.84 ckg (call for details)	
ISO Weans	\$16.99 US Avg.
Feeder Pigs	\$17.21 US Avg.

Forward contract prices opened mostly higher this morning.

US cash markets continued the sharply lower trend to finish last week with a 10% decline. An abundant hog supply which led to a weekly slaughter of about 2.46 million hogs contributed to the weakness as packers have more than enough hogs to meet their planned production. The pork cut-out was down approximately \$4.50 USD/cwt over the week providing hog buyers with a rationale to remain cautious with their live purchases. However, the weak cash market trend has stood in stark contrast with the futures market which saw some contracts gain \$11 USD/cwt or about 25% of their value over the last week. Speculation about the impact of the African Swine Flu outbreak in China has been a large part of the recent support and a third case has been reported by Chinese officials, more than 1,000 miles away from the first case, in the most recent development surfacing this week so far. As significant as this issue may be, the real outcome of this event is far from known. Producers should take the opportunity to mitigate their price risk on up to half of their fall/winter production with current prices within \$10 CAD/kg of the 3-year average for September – January timeframe and \$10/kg higher than current cash prices.

Canadian delivered soymeal prices opened lower this morning.

Some news coming in this morning on the China/US trade front where nine delegates from China will be in Washington, DC in a couple days (between the 22nd and the 23rd) to meet with the US Treasury undersecretary to discuss a plan ahead of a bilateral meeting between President Trump and Xi Jinping in November. While crop tours are not typically large market movers, the popular Pro Farmer Crop Tour begins this week and the first results should be reported Friday. While many analysts called for some support ahead of what is expected to be relatively positive news, US soybean futures are trading lower to start the week.

US corn futures opened lower this morning.

US corn futures are trading lower to start the week. Crop tours start up this week and the first observations should be published on Friday. A softening of negotiating tone between Mexico and the US took place on Sunday where it was revealed that the US have dropped the idea to impose export restrictions on Mexico. While this does not remove the Mexican tariffs on US goods, it does suggest that the US could be taking on a more conciliatory tone with Mexico on renegotiating the NAFTA.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		129.91 130.73	129.50 131.61	120.86 131.92	119.92 123.62	122.12 135.64	137.87 139.98	139.23 144.75	146.07 153.92	154.57 167.11	165.66 178.32
Soymeal Wpg/S. Man Delivered	488	485	486	488	488						

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