



Hog Margin Outlook

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Tuesday, June 16, 2015

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

US Slaughter	
424,000	Monday
378,000	Monday (year ago)
W. Corn Belt	\$77.82
National Price	\$80.98
Daily Sig 3	\$175.78
Daily Sig 4	\$177.12
Thunder Creek	\$175.91
4-Month Fwd.	\$ 146.72
B of C Ex. Rate (Noon)	
\$1.2323 CAD/ \$0.8115 USD	
Cash Prices Week Ending June 13, 2015	
Signature 3	177.84/80.67
Signature 4	179.93/81.62
h@ms Cash	176.34/79.99
Hylife	178.14/80.80
Thunder Creek	182.60/82.83
ISO Weans	\$24.90 US Avg.
Feeder Pigs	\$52.59 US Avg.
#1 Export Sows (Tagged)	\$33.00 cwt. (+500lbs.)

Forward contract prices opened mixed this morning. US cash markets moved moderately higher yesterday, despite abundant supplies available to packers. The daily hog slaughter was reported at 424,000 hogs yesterday, more than 12% larger than the same date last year. The heavy supplies have caught the attention of all trade participants as recent slaughter numbers have exceeded expectations by a significant margin. The recent increase in hog numbers does not appear to be a short term issue as hog weights actually moved higher over the last two weeks, suggesting that producers are not pulling hogs ahead of their normal shipping schedule. Recent demand indicators have generally been supportive with rib, belly and loin primal prices trading at or only slightly lower than the highs experienced so far this year. Concern lies in the fall months when hog supplies typically peak for the year. If hog numbers continue to track 8-9% above 2013 levels into mid-September, there will be weeks where the industry will have difficulty slaughtering all of the hogs produced, which would imply significant price cuts in the cash market. Producers without protection in the Sep-Dec timeframe should look to cover as much as 40% of their production at current prices.

Canadian delivered soymeal prices opened mixed this morning. Support for the trade this morning is a function of attention to new crop progress as soybeans came in lower than market expectations. Progress stands at 87%, 4% lower than year ago and 3% lower than the 5-year average. A significant amount of support materialized after only 67% of the bean crop was reported in good/excellent condition. Heavy rain (and more expected) from a tropical storm pushing its way into critical growing areas of the US is cited as reason for concern for some bean growing areas; acreage loss and reduced yields are now being talked about with a little more seriousness.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. As with soybeans, Tropical Storm Bill is influencing a certain amount of talk regarding acreage and yield downgrades as data show the weather system is moving east from Texas and into Arkansas, Illinois and Indiana. As well, while the US corn crop is essentially planted, condition has come in lower in part due to some of the recent wet weather. Only 73% of the crop is reported in good/excellent condition, lower than last year's 76%, and market expectations.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		165.79 165.22	150.93 163.14	141.32 146.98	130.71 143.60	122.23 127.88	127.32 131.28	127.32 139.66	134.56 140.23	136.76 140.16	140.16
Maple Leaf Sig. #4		165.69 168.10	156.01 162.14	143.09 155.57	137.75 144.64	127.67 134.24	131.18 134.68	131.18 138.97	139.63 141.60	138.47 143.07	143.07
Soymeal Winnipeg Delivered	467	465	450	444	432	431	431				
Corn Wpg, Delivered	190										

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WINNIPEG LIVESTOCK
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