



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

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, May 02, 2016

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

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Forward contract prices opened higher this morning. US cash markets experienced solid gains last week, with Friday's bids pushing over the \$70/cwt price level, the highest in more than 6 months. Packers are seeing support from almost all of the primal cuts, providing the confidence they need to compete for the finite supply. Last week's slaughter was estimated at 2.139 million hogs, 100,000 fewer than the week previous and suggesting that the surge in numbers was an anomaly in what has been a typical spring trend. Summer month Lean Hog futures are expected to continue their modest bullish trend, with traders willing to add value as long as the cash trend remains positive. The weekly export sales data suggests increased buying from China in recent weeks, which makes sense due to their high domestic prices resulting from a short supply. Should the Sep-Feb forward contracts see gains on speculation of increased sales to China, producers should view it as a hedging opportunity to secure profitable prices on up to half of their intended production.

Canadian delivered soymeal prices opened lower this morning. The fundamentals of the soybean complex may have turned a corner last week, with weather in both South and North America looking more favourable for production. A large weather premium that has been built into the market for the last two months assumes adverse conditions from La Nina over the summer months. However, planting progress is ahead of the typical trend, which could help to alleviate the effects of hot, dry weather on the late soybean growing stages.

US corn futures opened lower this morning. Planting progress is expected to approach 50% on this afternoon's release of the USDA's survey, when 30% is the average for the 1st of May. The choppy trend experienced over the last 2 months is likely to ease as more of the US corn crop gets planted and South America's crop conditions normalize after last week's rains. Chinese buying and firmer oil prices are supportive factors that are likely to provide some stability.

US Slaughter	
2.139 mil.	Last Week
2.151 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$70.35
National	\$71.03
Iowa/S. MN.	\$70.40
Signature 3	\$161.82
HyLife	\$156.83
Thunder Creek	\$161.57
Sig 3 4-Month Fwd.	\$ 173.19
BoC Rate (Noon) prev. day \$1.2549 CAD / \$0.7969 USD	
Cash Prices Week Ending April 30, 2016	
Signature 3	157.23/71.32
h@ms Cash	155.73/70.64
HyLife	155.53/70.55
Thunder Creek	151.90/68.90
ISO Weans	\$38.85 US Avg.
Feeder Pigs	\$71.96 US Avg.
#1 Export Sows (+500lbs.)	\$39.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3			178.27 184.03	177.27 184.60	166.52 180.30	153.20 159.52	152.57 153.72	130.64 146.14	132.36 138.10	133.55 141.59	143.89 145.04
Soymeal Wpg Delivered		472	476	476	474	472	467	466	466		
Corn	Local delivered price available on request										

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