



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, May 09, 2016

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

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

US Slaughter	
2.214 mil.	Last Week
2.111 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$72.41
National	\$74.38
Iowa/S. MN.	\$72.95
Signature 3	\$171.50
HyLife	\$168.26
Thunder Creek	\$172.39
Sig 3 4-Month Fwd.	\$ 176.56
BoC Rate (Noon) prev. day \$1.2921 CAD / \$0.7739 USD	
Cash Prices Week Ending May 7, 2016	
Signature 3	166.46/75.51
h@ms Cash	164.96/74.83
HyLife	163.68/74.24
Thunder Creek	158.60/71.94
ISO Weans	\$37.93 US Avg.
Feeder Pigs	\$70.64 US Avg.
#1 Export Sows (+500lbs.)	\$41.00/cwt. (Tagged)

Forward contract prices opened mostly higher this morning.

US cash markets are expected to make moderate gains this week, as hog numbers are in a seasonal decline, while wholesale pork prices are not providing support. Increased cash bids will be contingent on firmer wholesale pork prices going forward, but the pork cut-out came under pressure late last week when belly and ham prices dropped. The market is attempting to clear abundant pork supplies, but recent pork production has increased 3-5% over year ago levels, which many traders had not anticipated. The sluggish arrival of the seasonal support in hog markets have filtered into lean hog futures, with traders unwilling to put more value on the summer months. The June and July contracts still have nearly a \$10/cwt premium over the cash market, but futures traders will need to see more consistent gains in order to maintain these prices. With the 3 cent drop in the Canadian Dollar over the last two weeks, Sep-Feb forward prices have rallied to their highest level in nearly 2 months, providing a good hedging opportunity for a period that will likely see the lowest price of the year.

Canadian delivered soymeal prices opened mixed this morning.

The soybean complex is experiencing some pressure ahead of the WASDE report released mid-trade tomorrow. Pre-report positioning and some profit taking is cited as rationale for the current pressure as the fundamental picture shows a more tone. Pre-WASDE report estimates are showing old crop ending stocks could come in 19 million bu. lower than last month and there are reports of wetter US weather (slowing planting) and larger Argentine losses due to flooding adding to the supportive tone. As well, the May WASDE report includes the first look at new crop estimates coming in at 405 million bu., but with a significant 210 million bu. range.

US corn futures opened lower this morning.

Ending stocks for US corn are expected to be relatively large in tomorrow's report. Old crop estimates are coming in at 1.837 billion bu. on average compared to the 1.862 billion bu. estimate last month. New crop estimates on average are large at 2.27 billion bu. but the range of estimates varies between 1.8 and 2.6 billion bu. which are also large, but contribute to some uncertainty. Large production losses for Brazil's Safirinha crop and a slowing planting pace have kept the downside in check, however. Today's Crop Progress report is expected to come in near 65% complete, compared to 75% last year.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		183.98 188.74	183.91 191.04	172.97 187.24	158.87 165.41	158.27 159.63	135.77 151.84	137.56 143.51	138.54 146.84	149.21 150.39
Soymeal Wpg Delivered	493	495	495	494	492	491	490	490		
Corn	Local delivered price available on request									

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