



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 11, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
431,000	Tuesday
423,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$73.16
National	\$75.25
Iowa/S. MN.	\$73.39
Signature 3	\$173.78
HyLife	\$172.10
Thunder Creek	\$173.94
Sig 3 4-Month Fwd.	\$ 176.11
BoC Rate (Noon) prev. day \$1.2959 CAD / \$0.7717 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.) \$45.00/cwt. (Tagged)	

Forward contract prices opened mixed this morning. US cash markets are moving only moderately higher this week as packers are having little difficulty meeting their planned production schedule with the available supplies. The expectation by most market analysts to have production drop 2-3% under year ago levels for the April-May period has failed to materialize. Recent weekly US pork production has been up over 3% for the last several weeks, with hog weights implying producers are current with their marketings. This suggests that the impact of a faulty semen extender (which received a great deal of attention) on last fall's pig crop was smaller than anticipated or that these reductions were offset by unforeseen increases. Summer month prices represent fair value as they reflect similar prices as last year, but forward prices in the 4th Quarter are currently \$15-\$20/ckg higher than cash prices experienced last year. Producers without protection in the Oct-Feb timeframe should look at covering up to half of their intended production at current prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures rallied following the release of yesterday's WASDE report where a variety of factors contributed. For the old crop, lower US production, lower Argentine production and increased export activity pushed ending stocks 26 million bu. lower than average expectations. For the new crop, lower acreage, yield concerns and increased usage (to almost 4 billion bu. across all demand segments) lowered 2016/17 ending stocks by 100 million bu. Adding costs for Canadian meal buyers was a freight rate increase reflecting increased truck competition; factored together, these events added \$50 CAD/ckg (!) to the spot price (Winnipeg/S.Man., delivered).

US corn futures opened higher this morning. While the US corn picture is fundamentally more bearish compared to the soybean trade, strength in other commodities coupled with uncertainty pushed US corn up 3% yesterday. Uncertainties concerning the market include reduced production in Brazil (coupled with fears of more reductions) and thoughts that minor weather disruptions could influence lower yields in the US that could push ending stocks to 1.063 billion bu. That could leave the stocks to use ratio at a low 7.5% despite an estimated new crop ending stocks outlook that was over 2.15 billion bu. in yesterday's WASDE report.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		184.09 188.83	183.20 190.29	172.43 186.63	158.36 164.86	157.71 158.89	135.01 150.97	136.78 142.69	138.67 146.96	149.33 150.51	150.04
Soymeal Wpg Delivered	550	543	529	527	525	522	521	521			
Corn	Local delivered price available on request										

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