



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 13, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
432,000	Thursday
417,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$75.45
National	\$75.97
Iowa/S. MN.	\$75.50
Signature 3	\$177.83
HyLife	\$171.64
Thunder Creek	\$177.55
Sig 3 4-Month Fwd.	\$ 176.87
<b>BoC Rate (Noon) prev. day</b> \$1.2858 CAD / \$0.7777 USD	
Cash Prices Week Ending May 14, 2016	
Signature 3	174.21/79.02
h@ms Cash	172.71/78.34
HyLife	Unavailable
Thunder Creek	168.50/76.43
ISO Weans	\$37.93 US Avg.
Feeder Pigs	\$70.64 US Avg.
#1 Export Sows (+500lbs.) \$45.00/cwt. (Tagged)	

**Forward contract prices opened lower this morning.** US cash markets rallied late this week, with packers attempting to secure a large slaughter for this week with seemingly little concern for their operating margins. Most regions gained about \$2.00/cwt over the last couple of days to hit the highest price in 8 months, in spite of wholesale pork prices that only maintained their value. This had the effect of dropping operating margins on wholesale pork by about \$4.00/hog and down to the lowest level in months. Lean Hog futures are trading lower based on the bearish cash market factors of an abundant hog supply and sluggish wholesale pork prices. Futures values have benefitted over the last several weeks from increased exports to China, but this week's export sales volume was half that of the 4-week average, which is contributing to today's market weakness. Sep-Feb forward prices represent good value in the context of the forecasted supply with the current average price trading close to highs put in over the last 2 months.

**Canadian delivered soymeal prices opened higher this morning.** The Buenos Aries Grains exchange has lowered production estimates to 55MMT (compared to the USDA's 56.5 MMT) on increasing concerns of flood damage to the Argentine crop. As well, there are rumors that some trucks have been turned away from port due to quality concerns. If this keeps up, Argentina could be poised for a lower than expected export trade this season. Following the bullish WASDE report, there is not much fundamentally on the bear side (despite pressure from profit taking), but there are thoughts that corn acres could be switched to beans, especially in Indiana and Ohio, due to weather related delays in corn planting.

**US corn futures opened lower this morning.** The Chinese government still has not released details of its state corn liquidation program, but the market expects some news eminent. In the meantime, there are rumors Chinese feed buyers are scrambling to find feed as the previously thought cheap and plentiful corn has not yet been released by the state. Supporting the US corn trade is a slowing planting progress due to inclement weather, followed by thoughts that farmers could reasonably switch to bean acres, now motivated by higher prices and a rapidly closing window of opportunity for planting corn.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		183.53 188.27	182.79 189.91	172.11 186.35	158.28 164.80	157.67 158.85	134.96 150.97	136.74 142.67	137.43 145.66	148.00 149.18	148.36
Soymeal Wpg Delivered	555	548	533	531	529	527	527	527			
Corn	Local delivered price available on request										

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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