



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 18, 2016

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

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

US Slaughter	
431,000	Tuesday
422,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$76.88
National	\$77.19
Iowa/S. MN.	\$77.07
Signature 3	\$181.58
HyLife	\$175.08
Thunder Creek	\$181.62
Sig 3 4-Month Fwd.	\$ 175.71
BoC Rate (Noon) prev. day \$1.2885 CAD / \$0.7761 USD	
Cash Prices Week Ending May 14, 2016	
Signature 3	174.21/79.02
h@ms Cash	172.71/78.34
HyLife	171.71/77.89
Thunder Creek	168.50/76.43
ISO Weans	\$36.40 US Avg.
Feeder Pigs	\$65.34 US Avg.
#1 Export Sows (+500lbs.)	\$51.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets made marginal gains yesterday, even as the pork cut-out came under pressure. Hog numbers are still averaging about 10,000/day more than at the same time last year and hog weights are up approximately one pound from May 2015. The pork cut-out is trading at the same price level as it was last year, but cash bids are down about \$5.00/cwt (or 6%) as packers have been able to hold onto a positive operating margin; last year they struggled to do this. While consumers do have more disposable income this year, retail pork prices will likely need to see a decline in price in order to encourage market clearing consumption. Incidentally, pork was the only meat that reported a rise in retail prices from year ago levels, according to the latest USDA food price survey. With most of the fundamental factors trending on the bearish side, lean hog futures have struggled to make gains over the last week, but nearby contracts still hold a \$5.00/cwt premium over the current cash market. Producers should focus their attention on the Nov-Feb timeframe when the lowest prices of the year are anticipated.

Canadian delivered soymeal prices opened mixed this morning. A lack of any substantive fundamental development has influenced a choppy pattern over the past week and a half, so it is likely unsurprising that the session has started lower today, taking back almost all of the gains made yesterday. On the support side, traders cite a port strike and lowered production due to flooding in Argentina, not to mention weather related uncertainty for the US planting season also building in some risk premium. On the pressure side is talk of increased US bean acreage, a slow global economy (with a keen eye on developments in China) and a planting pace that is, so far, ahead of 5-year averages and on pace for the most part.

US corn futures opened lower this morning. The US corn futures trade is likewise trading in a choppy and sideways pattern amid unknown production numbers in both hemispheres which could both end up being significantly different in the final analysis. Brazilian crop losses have yet to be conclusively determined, but there are thoughts that as much as 10 MMT might be 'lost'. As well, there is now a reasonable amount of talk suggesting some US farmers will switch from corn to beans following a bout of recent wet weather in critical growing areas. Traders are still waiting for any formal announcement from China regarding their liquidation of state reserves.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		187.84 189.62	184.33 191.45	174.06 188.30	159.06 165.59	158.47 159.72	135.91 151.93	137.69 143.62	138.53 146.81	149.17 150.36	149.60 149.60
Soymeal Wpg Delivered	567	560	546	541	538	535	534	534			
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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