



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 19, 2016

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

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

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

US Slaughter	
431,000	Wednesday
425,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$76.51
National	\$77.84
Iowa/S. MN.	\$76.64
Signature 3	\$181.31
HyLife	\$176.52
Thunder Creek	\$181.21
Sig 3 4-Month Fwd.	\$ 175.60
<b>BoC Rate (Noon) prev. day</b> \$1.2928 CAD / \$0.7735 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 slipped lower in trade yesterday, with packers having little trouble sourcing the supplies to meet their current pork sales. Weakness in Bellies and Hams have taken prices to the lowest level experienced in 2 months and are offsetting the gains in the Loin and Rib primal cuts. This has resulted in the value of the Pork cut-out being flat for the last month when this is typically the strongest time of the year. Lean Hog futures traders had difficulty rationalizing the premium built into the summer month contracts, which caused a selloff in the nearby months. However, the price support in the winter timeframe remained intact with the December and February futures months staying near contract highs. When combined with this morning's weakness in the Canadian Dollar, winter month forward prices are occasionally exceeding previous highs and now represent one of the better hedging opportunities experienced since January, when the early winter contracting periods were first offered.

**Canadian delivered soymeal prices opened higher this morning.** Although US weather remains largely cooperative, some production estimates show a less than rosy picture in Argentina due to the previous flooding. New estimates are suggesting production losses around 3 MMT (compared to the USDA's estimate) exacerbated by quality issues that could push overall supplies even lower. Despite this, the market has opened lower for the second session in a row in what some traders are calling a short-term market correction. Canadian meal buyers are unlikely to benefit from the lower bean base price, however, as a higher meal base and weakness in the Canadian dollar have added ~\$14 CAD/MT (!) to the spot price compared to a day earlier.

**US corn futures opened lower this morning.** A bearish tone in commodity markets, a higher US dollar and cooperative weather in critical growing areas (for now) has pressured the market this morning. The National Oceanic and Atmospheric Administration (NOAA) is expected to release its summer weather outlook today and traders are extremely interested in its temperature and rainfall assessments. While likely not a huge market mover, it may provide a glimpse into what the current El Nino/La Nina shift situation is, and also what the growing season could look like during critical development stages. Currently, even a slight drop in yields could tighten ending stock estimates significantly.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		187.14 188.95	183.80 191.03	173.62 188.09	159.57 166.20	158.76 159.96	136.49 152.74	138.30 144.32	138.86 147.24	149.63 150.83	150.90 150.90
Soymeal Wpg Delivered	583	575	562	555	550	543	541	541			
Corn	Local delivered price available on request										

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

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