



# Hog Margin Outlook

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Tuesday, May 24, 2016

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

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Hog Prices: ↓ Soymeal: ↑

Corn: ↑ CDN Dollar: ↓

**Forward contract prices opened lower this morning.** US cash markets started this week with lower cash bids while Canadian plants were closed for the Victoria Day long weekend; next weekend, many US plants will be down to observe Memorial Day. The impending shutdowns will likely soften cash prices this week as some producers will add hogs to this week's slaughter in order to contend with the interruption of their normal shipping schedule. Wholesale pork prices remain in a steady trend as the primal cuts destined for the barbecue are not strong enough to offset the weakness in bellies and hams over the last two weeks. The latest Cold Storage report reflected good product movement over the last month, with the exception of ham inventory which climbed 35% from March. The increase in ham stocks helps to explain the 10% decline in ham prices over the last month and why the pork carcass cut-out has struggled to make gains. Winter month contracts started to lose value in trade yesterday, in part, because traders are growing skeptical that export volumes will be able to keep up with what is anticipated to be record large pork production.

**Canadian delivered soymeal prices opened higher this morning.** Thoughts for an increase between 1-3 million in planted acreage (largely due to a corn/soy acreage shift) and a generally bearish weather forecast are pressuring factors. While Victoria Day ushered in a long weekend in Canada, the US Memorial Day long weekend takes place on the 30<sup>th</sup> so it was business as usual in the US yesterday. As such, the USDA's Crop Progress report showed a 20% jump in planted acreage for the soy crop coming in at 56% complete (52% 5-year average). Although there is still uncertainty regarding the total losses of Argentine production, expectations are for US weather developments to play larger role in influencing the market.

**US corn futures opened higher this morning.** Like beans, planting progress and weather outlooks are bearish. Monday's Crop Progress report came in at 86% complete (85% 5-year average), an 11% increase over the previous report; some states are as high as 98% complete (Minnesota). However, US corn futures are trading higher today, largely on an as-yet undetermined shift in planted acreage to beans (so far thought to be as high as 3 million acres) and a weather premium for the deferred contracts; there is some chatter suggesting premiums are currently too high, even though they might soon be warranted.

US Slaughter	
431,000	Monday
4,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$75.29
National	\$78.49
Iowa/S. MN.	\$75.62
Signature 3	\$181.29
HyLife	\$181.20
Thunder Creek	\$181.67
Sig 3	\$ 169.82
4-Month Fwd.	\$ 169.82
<b>BoC Rate (Noon) prev. day</b> \$1.3136 CAD / \$0.7613 USD	
Cash Prices Week Ending May 21, 2016	
Signature 3	180.94/82.07
h@ms Cash	179.44/81.39
HyLife	176.11/79.88
Thunder Creek	175.70/79.70
ISO Weans	\$30.80 US Avg.
Feeder Pigs	\$64.07 US Avg.
#1 Export Sows (+500lbs.)	\$51.00/cwt. (Tagged)

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		183.27 185.07	178.04 185.67	167.36 181.82	153.26 159.89	152.42 153.62	131.56 147.80	133.27 139.38	135.82 144.24	146.65 147.85	147.68 147.68
Soymeal Wpg Delivered	608	602	587	569	559	550	547	547			
Corn	Local delivered price available on request										

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

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