

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

US Slaughter	
430,000	Tuesday
433,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$74.87
National	\$78.82
Iowa/S. MN.	\$74.91
Signature 3	\$180.03
HyLife	\$182.23
Thunder Creek	\$179.72
Sig 3 4-Month Fwd.	\$ 169.63
BoC Rate (Noon) prev. day \$1.3118 CAD / \$0.7623 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.)	\$54.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets are trading lower as packers attempt to recover some of their lost operating margins in the past week. Next week's holiday reduced slaughter schedule has shifted some hog deliveries into this week, allowing packers to source extra supplies without adding to their cash bids. Wholesale pork prices have stalled on their spring rally as the pork cut-out is valued the same as it was one month ago. The lack of support coming from hams and bellies has been a concern for lean hog futures traders, which has contributed to the latest decline. Fall and winter month contracts have seen declines due to growing concerns that the forecasted record large pork production will burden the domestic market with supplies unless pork exports grow significantly. While monthly exports to China have more than doubled from levels seen last year, volumes to Mexico (the largest importer of US pork) dropped by about 10%. Producers should cover up to half of their intended winter production at current prices in order to ensure positive cash flow through the Nov – Mar timeframe.

Canadian delivered soymeal prices opened mixed this morning. An additional 2-3 million soybean acres could be planted in the US, and although planting is going well and the crop in the ground is off to a good start, these developments have not been enough to temper Argentine production and US weather concerns. Feed shortages in Brazil are also supporting a market that is bracing for some potentially stiff competition ahead (if it hasn't already materialized). For the short term, the general consensus is that prices will remain supported until end users have secured supplies. Further out, there is already chatter suggesting that La Nina will bring hotter, drier weather to the Midwest, potentially curbing yields.

US corn futures opened higher this morning. There is talk that a corrective turn lower could be in the making, but the corn market remains supported for now. A corn to bean shift in acres expected from the Eastern Cornbelt and concerns over yields from the impacts of La Nina are supportive factors further out. So far, however, the US corn crop is facing ideal weather conditions and traders will likely have a keen eye on crop conditions in the next Crop Progress report released next Tuesday (Monday is the Memorial Day long weekend in the US). Chinese state corn sales are expected to start near May 27.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		184.27 186.07	178.16 186.67	167.61 182.00	152.21 158.81	151.24 152.44	130.36 146.50	132.15 138.13	135.51 143.94	146.34 147.55	148.15 148.15
Soymeal Wpg Delivered	620	612	598	572	560	548	545	545			
Corn	Local delivered price available on request										

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Forward Contracting will be **closed Monday, May 30** due to Memorial Day in the US; markets will be closed.

The Hog Margin Outlook and opening price report will likewise not be distributed, but the main office will remain open.

Forward contract business resumes on Tuesday, May 31.

STRENGTH IN NUMBERS

