



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 26, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened mixed this morning. US cash markets are trading lower again this morning as packers are attempting to use the 'extra' hogs from next week's slaughter schedule to meet this week's production requirements, without adding money to their bids. With three consecutive days of cash market weakness (at a time when the market is usually at its strongest), trade participants are growing skeptical about the near term trend. However, the value of the pork carcass cut-out finally found some support in yesterday's trade with the grilling cuts (loins and ribs) adding more than the ham prices lost. Summer month lean hog futures are holding only a modest premium to the cash market as hog supplies have yet to experience any significant seasonal tightness. Consequently, fall and winter month contracts are starting to see some price erosion, with most analysts projecting record large pork production in the 4th quarter. Producers should consider covering up to half of their fall and winter production at current prices to ensure profitable production.

Forward contracting will be **closed Monday, May 30** due to Memorial Day in the US as the 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.

Canadian delivered soymeal prices opened mostly lower this morning. A market correction is developing this morning as US soymeal futures turn lower for the first time in in a couple sessions. While there is decent weather in the US and planting is progressing amid the averages (pressuring factors), the market remains in an upward trend, supported largely on Argentine production fears. Flooding has impacted the production of meal resulting in a ~50% increase in the nearby meal contract since early April (Argentina is the largest meal exporter in the world). As well, there are bean quality concerns regarding protein content in some cases which could influence end users to seek out supplies elsewhere.

US corn futures opened lower this morning. Like beans, US corn futures have turned lower to start the session after some decent demand numbers provided initial support earlier in the week. Supportive as well, are thoughts that as many as 3 million acres will be switched to beans due to earlier wet US weather preventing planting in some critical growing areas. While the market is awaiting the state sales of Chinese corn expected to begin Friday, the general consensus is that the event will have little impact on global demand overall due to tight Chinese controls on corn. However, the development could impact other feed inputs such as sorghum and it will be watched closely in any event.

US Slaughter	
431,000	Wednesday
427,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$73.77
National	\$78.63
Iowa/S. MN.	\$73.85
Signature 3	\$177.00
HyLife	\$181.55
Thunder Creek	\$176.80
Sig 3 4-Month Fwd.	\$ 171.63
BoC Rate (Noon) prev. day \$1.3090 CAD / \$0.7639 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)	

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		184.64 186.42	183.22 187.96	170.11 184.33	154.18 160.70	153.58 154.83	131.87 147.88	133.65 139.58	135.87 144.17	146.54 147.72	147.49 147.49
Soymeal Wpg Delivered	618	610	596	575	558	546	543	543			
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.



2016 TECHNICAL UPDATE and BBQ Cook-Off

Featuring: **Trent Loos**; Special Guest: **Pamela Miles**

Friday May 27, 2016 - Starbuck Community Hall

Cook-off Registration @ 1:45PM - General Registration @ 2:00PM