



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 31, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets are expected to start this holiday-shortened production week with steady to higher cash bids from packers. Last week's slaughter was estimated at 2.18 million hogs and is consistent with the trend over the last month of a 1.5% increase in slaughter, compared to year ago levels. Slaughter levels are likely to drop to 1.9 million hogs this week, due to plant closures on US Memorial Day. Lean Hog futures are seeing heavy influence from the cash market, as traders have grown skeptical that pork prices will be able to maintain their upward trend. Wholesale pork prices, reflected in the pork carcass cut-out have been unable to sustain gains over \$84/cwt, which forces packers to keep a cautious buying program for live supplies. A factor that traders may respond positively to would be a significant increase in pork export volume as reflected on the USDA's weekly report. However, recent results have actually shown lower volumes and have not provided traders with much reason for optimism. Producer focus should be on covering price risk for their winter production, a timeframe that will likely see the largest US pork production of all-time.

Canadian delivered soymeal prices opened mixed this morning. There is some chatter suggesting a long liquidation move may be developing as the nearby contract continues to post new highs, but for now, the market remains supported. Support is generally coming from decent demand for US beans as well as production losses and quality issues in Argentina. There is talk that China will soon start state auctions and that as many as 4.4 MMT could be released into the Chinese market, likely curbing demand for supplies elsewhere. If this does indeed happen, it may be enough to trigger the long liquidation move the market is currently anticipating.

US corn futures opened mixed this morning. US corn futures maintain and upward trajectory that began at the beginning of April but are trading in a mixed pattern this morning. Early support has given way to some pressure that began with the nearby contracts as of this writing. For the most part, corn in critical growing regions is benefiting from some cooperative weather; recent rain will be followed by a drier forecast allowing for ideal conditions. The market expects 93-95% to be in the ground with 70-75% in good/excellent condition which will be confirmed in today's Crop Progress report.

US Slaughter	
2.181 mil.	Last Week
1.863 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$73.11
National	\$78.05
Iowa/S. MN.	\$73.21
Signature 3	\$175.03
HyLife	\$178.61
Thunder Creek	\$174.88
Sig 3 4-Month Fwd.	\$ 168.45
BoC Rate (Noon) prev. day \$1.3061 CAD / \$0.7656 USD	
Cash Prices Week Ending May 28, 2016	
Signature 3	178.71/81.06
h@ms Cash	177.21/80.38
HyLife	180.83/82.02
Thunder Creek	181.60/82.37
ISO Weans	\$27.39 US Avg.
Feeder Pigs	\$62.45 US Avg.
#1 Export Sows (+500lbs.) \$45.00/cwt. (Tagged)	

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3			185.59 190.37	173.08 187.43	156.64 163.22	155.80 156.99	133.63 149.76	135.43 141.40	138.35 146.74	149.14 150.34	150.46 150.46	151.06
Soymeal Wpg Delivered	610	602	588	572	563	555	554	554				
Corn	Local delivered price available on request											

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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