



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 01, 2016

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

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

## Forward contract prices opened mostly higher this morning.

US cash markets struggle to make gains while hog numbers are more abundant than were anticipated by most industry participants. Packers remain disciplined on their buying programs as they adapt to a summer production schedule that does not seem as constrained by tightening supplies as is typical for this time of year. The pork carcass cut-out experienced some gains to start this week, but bellies and hams continue to disappoint traders with their lack of support. Lean hog futures continue in their sideways trend, with no significant premium being offered in the summer months. Traders are factoring in only another \$3.00/cwt increase in cash prices for a peak in July, with fall months offered at a discount typical to that time of year. With cash markets struggling to make gains during the tightest supplies of the year, concern is growing for the Nov – Jan timeframe when we can expect 10% more hogs. Producers without protection in the winter months, should view current forward prices as good value in the context of record pork production that is anticipated.

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures continue to show strength despite bearish planting progress and cooperative weather. US soybean farmers improved planting progress to 73% compared to the market expectation of 70%, a 17% increase over the previous week amid cooperative planting weather. However, this development has not been enough to shake the uncertainty in global supply, especially as Argentine losses are unconfirmed and a long US growing season remains ahead. In the meantime, the market will be closely watched; the speculative funds are holding onto a large net long position amid the highs, and there is talk that selling could materialize if the right conditions develop.

**US corn futures opened higher this morning.** For all intents and purposes, US corn planting is now complete. The Crop Progress report showed yesterday that 94% is now planted, 8% above last week and 2% above the 5-year average. The general consensus is that the weather will support crop development in the short term as the forecast remains cooperative. Support for now continues, however, propped by strength in other commodities and some decent demand. Like beans, corn is also trading at its highest level since last autumn and there is talk that the recent support could wane, especially if export markets remain weak and growing conditions remain optimal.

| US Slaughter  |                       |
|---|-----------------------|
| 434,000   | Tuesday               |
| 422,000   | Tuesday<br>(year ago) |
| Daily Prices  |                       |
| W. Corn Belt  | \$72.80               |
| National  | \$77.54               |
| Iowa/S. MN.   | \$72.94               |
| Signature 3   | \$174.81              |
| HyLife  | \$178.24              |
| Thunder Creek   | \$174.75              |
| Sig 3<br>4-Month Fwd.   | \$ 169.09             |
| <b>BoC Rate (Noon) prev. day</b><br>\$1.3100 CAD / \$0.7634 USD |                       |
| Cash Prices Week Ending<br>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.)<br>\$45.00/cwt. (Tagged)              |                       |

| Fixed Forward Range<br>(at opening) | Jun  | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              | Jan              | Feb              | Mar              | Apr    |
|-------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------|
| Maple Leaf<br>Sig. #3               |  | 184.52<br>191.73 | 174.11<br>188.53 | 156.88<br>163.49 | 155.81<br>157.01 | 134.17<br>150.35 | 135.97<br>141.96 | 140.05<br>148.47 | 150.87<br>152.07 | 152.12<br>152.12 | 152.72 |
| Soymeal<br>Wpg Delivered            | 606  | 590              | 573              | 565              | 557              | 556              | 556              |                  |                  |                  |        |
| Corn                                | Local delivered price available on request |                  |                  |                  |                  |                  |                  |                  |                  |                  |        |

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WINNIPEG LIVESTOCK  
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