



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 02, 2016

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

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

US Slaughter	
436,000	Wednesday
419,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$74.18
National	\$77.16
Iowa/S. MN.	\$74.52
Signature 3	\$178.00
HyLife	\$177.89
Thunder Creek	\$178.42
Sig 3 4-Month Fwd.	\$ 171.51
BoC Rate (Noon) prev. day \$1.3091 CAD / \$0.7639 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)	

Forward contract prices opened mostly higher this morning.

US cash markets snapped out of their sluggish trend, gaining more than \$1.50/cwt in most markets yesterday. Packers have been willing to 'give back what they get' in the form of higher bids, supported by wholesale pork prices that made a decisive move higher yesterday. Ham and pork belly prices recovered to levels seen one month ago, but will still need to make significant gains in order to contribute to a further increase in the pork cut-out value. Lean hog futures reacted positively to the cash market developments, with all contract months posting gains of better than \$1.50/cwt over the last day. Traders will be watching for an increase in weekly export sales volumes or a drop in hog numbers in order to rationalize further gains, but they do have seasonality in their favour. When supportive lean hog futures are combined with the recent weakness in the Canadian dollar, forward contract prices are approaching levels not seen since early March and are at (or near) contract highs. Producers should view this recent move as an opportunity to price their Sep – Mar production, when supplies are also expected to be at record high levels.

Canadian delivered soymeal prices opened higher this morning.

Traders are starting to question if the market can sustain much more support, but the trade remains in a solid up-trend that started at the beginning of April. While reaching new highs for many contracts since June 2014, they still have a way to go to break any records. Analysts suggest news of confirmed increases in Argentine losses or a severe crop damaging weather event in the US is now needed to rationalize any moves higher. There is talk US farmers are starting to aggressively market new crop production amid the current highs. For Canadian meal buyers, the relatively lower Canadian dollar combined with the market strength is adding ~\$14 CAD/MT to the spot prices relative to yesterday.

US corn futures opened higher this morning.

Recent information regarding production losses and feed shortages in Brazil, as well as support from other commodities and a general concern over crop conditions in the US, are providing rationale for the recent strength. Earlier this morning, the market appeared to exhibit features of a corrective turn lower, but the nearby contracts have since regained strength. As with beans, the market will need concrete data to support moves higher from this point, but unknowns in Brazil and a long growing season in the US is providing enough uncertainty for now. There is talk that a La Nina influenced dry spell further out would likely impact yields negatively in the US.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		187.13 194.34	176.88 191.29	158.98 165.59	158.38 159.58	135.49 151.70	137.29 143.29	139.43 147.81	150.20 151.40	151.45 151.45	152.04
Soymeal Wpg Delivered	621	606	587	575	566	563	563				
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236



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