



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 07, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
410,000	Monday
418,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$77.57
National	\$77.83
Iowa/S. MN.	\$77.65
Signature 3	\$182.79
HyLife	\$177.37
Thunder Creek	\$182.57
Sig 3 4-Month Fwd.	\$ 174.06
BoC Rate (Noon) prev. day \$1.2856 CAD / \$0.7778 USD	
Cash Prices Week Ending June 04, 2016	
Signature 3	177.11/80.34
h@ms Cash	175.61/79.66
HyLife	177.97/80.73
Thunder Creek	177.00/80.29
ISO Weans	\$24.52 US Avg.
Feeder Pigs	\$62.63 US Avg.
#1 Export Sows (+500lbs.)	\$45.00/cwt. (Tagged)

Forward contract prices opened mostly lower this morning.

US cash markets are sustaining last week's higher trend by gaining more than \$0.70/cwt in trade yesterday. Packers appear more optimistic about the prospect for profits in the near term and have been willing to bid up the value of cash hogs to secure their production levels. Those packers that do not procure the numbers needed to meet their planned production will incur higher costs on a per hog basis, as they typically will pay their labor force for hours not worked. Summer month Lean Hog futures climbed to their contract highs in trade yesterday, reaching more than US\$87/cwt. This implies that the cash market will climb approximately 10% from their current values over the next 5-9 weeks, a rally that exceeds the typical summer trend. Winter month prices are trading near contract highs but struggle to sustain any gains as the market has the expectation of record large pork production in the Oct-Mar timeframe. The winter timeframe is unlikely to experience much support unless total US exports increase by more than 10%, with the driving factor being Chinese demand.

Canadian delivered soymeal prices opened mixed this morning.

The highest rated crop on record, according to yesterday's Crop Progress report, is not enough to take the supportive tone out of the soybean market to any large degree. US soybean futures continue to climb with a 9-day relative strength index (RSI) over 70 meaning the trade is in overbought territory. Despite a 72% good/excellent crop rating there are still concerns over supplies further out. The ongoing supply issues in S. America remain firmly in place and while US crop progress is on pace, the 83% planted number came in lower than a market expectation of 85%; 80% is average. Recall that there was talk of acreage being shifted from corn to beans, but for now, that shifted acreage value remains unknown.

US corn futures opened lower this morning. With 97% of the crop planted, US corn planting is essentially completed and the positive crop progress numbers have had a pressuring effect on the US corn market. Iowa, the largest corn producing state, showed that 80% of the crop was in good/excellent condition; the national average good/excellent rating came in at 75%, 3% higher than the previous week and a bit of a surprise for traders who were expecting no change over the timeframe. The 10-year average is 71%. For now, the Midwest is a bit dry and keeping the downside in check, but both 6-10 and 8-14-day forecast models are calling for rain in many critical growing areas, following this week's heat.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		191.97 199.01	181.81 195.89	159.99 166.45	159.37 160.54	134.74 150.57	136.50 142.36	138.21 146.43	148.77 149.95	149.36 149.36	149.95
Soymeal Wpg Delivered	606	592	580	574	570	568	568				
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.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236



CALL CRYSTAL FOR MORE INFO 204-235-2225

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS