



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 08, 2016

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

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Hog Prices: ↓ Soymeal: ↑

Corn: ↑ CDN Dollar: ↑

US Slaughter	
432,000	Tuesday
425,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$77.84
National	\$78.72
Iowa/S. MN.	\$77.86
Signature 3	\$182.47
HyLife	\$178.11
Thunder Creek	\$182.11
Sig 3 4-Month Fwd.	\$ 173.03
<b>BoC Rate (Noon) prev. day</b> \$1.2789 CAD / \$0.7819 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 trading near steady, with packers likely being influenced from the lower pork cut-out when deciding on their cash bids. While hams and bellies have seen improvement over the last two weeks, loins and ribs have recently come under pressure and are negating some of the gains in other primal cuts. With daily hog slaughter still running 1-2% larger than year ago levels, packers are not finding it difficult to source the supplies needed to maintain their slaughter schedule. However, as producers identify the 10% premium built into the July contract, this could change due to a strong incentive to delay deliveries which would lead to heavier carcass weights. Lean hog futures are increasingly relying on improved export sales volumes to rationalize the premium that is being held by the summer month contracts. In addition, technical indicators suggest these contracts are overbought and could be at risk of speculative selling. Producers currently have an opportunity to secure a \$12/pkg rally in hog prices over the next 5 weeks through forward contracting, which would result in hog values greater than \$200/pig for most operations over the months of July and August.

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures continue to push higher despite moving into overbought territory largely on supply fears. Normally, a decent Crop Progress report such as the one issued on Monday would be considered bearish for the trade. However, the underlying supply issues in S. America is creating some concerns which has only been recently exacerbated by some burgeoning weather developments in the US. While the weather picture so far has not been damaging yet (recent dry weather notwithstanding) some new models show inconsistent rain forecasts which is causing some anxiety; timely rain is now needed to ensure continued crop development.

**US corn futures opened higher this morning.** Like beans, much of the US corn crop is awaiting some timely rain for continued development. And also like beans, the market is pushing higher on fears that if the rain does not materialize, the currently high good/excellent ratings could come down quickly if/when the crops start to get stressed. Calls for showers in the next week are also mixed with some talk of continued dry weather into early July. Subsequent Crop Progress reports (typically released on Mondays) will be closely watched. July's WASDE report will be released this Friday and there are (so far) expectations for a slight decrease in both new and old crop US ending stocks.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		189.52 196.49	181.08 195.03	159.53 165.93	158.73 159.89	134.52 150.19	136.26 142.06	137.83 145.96	148.28 149.44	148.75 148.75	149.33
Soymeal Wpg Delivered	616	602	593	586	583	581	581				
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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