



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 09, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
430,000	Wednesday
416,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$78.75
National	\$79.12
Iowa/S. MN.	\$78.78
Signature 3	\$183.25
HyLife	\$178.10
Thunder Creek	\$182.91
Sig 3 4-Month Fwd.	\$ 174.38
<b>BoC Rate (Noon) prev. day</b> \$1.2695 CAD / \$0.7877 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.)	\$42.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets were stronger yesterday, following a decisive move higher in the pork cut-out that saw values returned to their highest level in 8 months. All of the pork primal cuts showed a significant gain with Loins, Picnics, Ribs and Bellies all gaining more than \$3.00/cwt. Talk in the industry is that pork export sales have picked up their pace significantly over the last 2 months, when the volume of pork moving during that time was sluggish and down 10% from the previous year. The USDA has reported that April's export sales to Mexico, Japan, South Korea and Taiwan were all down significantly from year ago levels, while sales to China and Hong Kong were up. The market has been focused on capitalizing on the shortage of pork in China (an ongoing story that has been widely reported), but if the other major export markets do not improve, the effect of increased activity to China on hog prices will be negated and/or lost. Winter month Lean Hog futures are posting new contract highs this morning, providing an excellent hedging opportunity for producers who have yet to cover their production in this uncertain timeframe.

**Canadian delivered soymeal prices opened mixed this morning.** The recent rally has cooled off somewhat and indeed has turned lower this morning ahead of tomorrow's WASDE report which will be released at noon (Central time). May's ending stocks estimate came in at 305 million bu. and there are thoughts that June's numbers could be lower (~250 million bu.) depending on the old crop carry over and a potential shift in planted acreage from corn to beans. There is talk the recent strength has been fund-driven and further, that the US is really not all that desperate for beans just yet. However, if the forecast rain does not materialize, prices may actually be rationalized at these high levels, and potentially, push higher.

**US corn futures opened lower this morning.** Like beans, the US corn futures trade has backed off the recent highs ahead of tomorrow's WASDE report. Some private estimates are suggesting old crop ending stocks to come in around 1.7 billion bu. with new crop at 2.0 billion or more; i.e. the US is hardly in a tight ending stocks position based on estimated production and usage, relatively speaking. However, the dry weather story is starting to gain some traction and there is a real concern that if rain does not materialize relatively soon, current top soil dryness could develop into something more severe, potentially curbing yields and limiting supplies further out.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		190.25 197.25	182.43 196.44	160.99 167.41	160.35 161.51	136.49 152.25	138.24 144.08	139.18 147.33	149.65 150.82	150.05 150.05	150.63
Soymeal Wpg Delivered	615	601	593	589	586	583	583				
Corn	Local delivered price available on request										

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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