



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 13, 2016

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

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

US Slaughter	
2.086 mil.	Last Week
2.121 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$78.43
National	\$80.33
Iowa/S. MN.	\$78.63
Signature 3	\$183.10
HyLife	\$179.99
Thunder Creek	\$183.15
Sig 3 4-Month Fwd.	\$ 172.73
BoC Rate (Noon) prev. day \$1.2736 CAD / \$0.7852 USD	
Cash Prices Week Ending June 11, 2016	
Signature 3	183.19/83.09
h@ms Cash	181.69/82.41
HyLife	178.40/80.92
Thunder Creek	179.70/81.51
ISO Weans	\$19.77 US Avg.
Feeder Pigs	\$65.80 US Avg.
#1 Export Sows (+500lbs.)	\$42.00/cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets are called to open this week steady to higher as hog supplies are expected to remain on a tightening trend for the next 4 weeks. Last week's slaughter total was estimated at 2.086 million hogs, down almost 2% from year ago levels. Hog slaughter over the last month has consistently been higher than last year's by about 1.5%, which is near the forecast of the March USDA Hogs and Pigs report. Next week, the USDA will release its June report on hog inventory which could show more than a +3.0% increase in hog numbers over the fall timeframe resulting from a larger breeding herd and a larger pig crop. Between now and then, the market has to see evidence of a substantial increase in total pork exports, in order to justify the relatively high prices that are being offered in the Sep-Dec timeframe. While there has been a lot of speculation on the increased demand for pork from China, recent export sales volumes to the top Mexican and Japanese markets have been poor. Producers should consider covering up to half of their Sep - Feb production at these currently profitable prices.

Canadian delivered soymeal prices opened mixed this morning. There was a note on Friday's WASDE report advising readers that the results should be considered tentative due to ongoing planting, but markets continue to push higher nonetheless. US ending stocks for old and new crop were both estimated lower, and as noted earlier, a lower carryover into the 2016/17 balance sheet is in part cited as a factor. The 2015/16 crop was down 30 million bu. from last month's 400 million bu. estimate to 370 million bu. (against a 385 million bu. expectation) following an increase in exports. The new crop is now expected to come in at 260 million bu. on continued export demand and a lower beginning stocks number.

US corn futures opened higher this morning. South American challenges were cited as factors in Friday's WASDE report where US competitiveness was stated to be improving following production issues in Brazil and harvest delays in Argentina. The issues are mid-to-longer term ones and the demand for US corn is expected to improve as the 2016/17 marketing year progresses. Old crop ending stocks were lowered 95 million bu. relative to the previous report. The new crop was down 145 million bu. from May's 2.153 billion bu. to Friday's 2.008 billion bu. and against a 2.125 billion bu. market expectation.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		188.14 192.23	183.10 197.15	162.97 169.41	162.38 163.80	138.66 154.49	140.42 146.29	142.08 150.30	152.64 153.82	152.71 152.71	153.30 156.04
Soymeal Wpg Delivered	614	600	599	598	597	596	596				
Corn	Local delivered price available on request										

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