



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 14, 2016

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

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Hog Prices: ↑ ↓ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

US Slaughter	
427,000	Monday
419,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$79.35
National	\$80.54
Iowa/S. MN.	\$79.66
Signature 3	\$186.06
HyLife	\$180.54
Thunder Creek	\$186.37
Sig 3 4-Month Fwd.	\$ 174.50
BoC Rate (Noon) prev. day \$1.2792 CAD / \$0.7817 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.)	\$46.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets started the week higher yesterday with support coming from higher pork product values. The cash market trend could be described as hesitant, with the last several weeks seeing a pattern of gains for two days, and a loss on the 3rd day. While delayed somewhat, hog numbers are seeing their seasonal decline, which should continue for another 5 weeks when summer temperatures are at their highest in the Midwest. Lean Hog futures have factored a further decline in supply and solid export sales into the premium that the August futures contract currently holds over the cash market, which at US\$6.00/cwt, is significantly larger than is typical for at this time of year. With most analysts suggesting that production increases in the last half of 2016 will be larger than average, good hedging opportunities exist for the August-February timeframe. Further gains will be contingent on increasing export sales beyond levels seen over the last 3 years, but recent volumes have struggled to match last year's levels. With all of the deferred month futures contracts trading at or near contract highs, forward contract prices for the winter timeframe are trading at their highest level so far this year.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are lower this morning in what some analysts are calling a corrective turn after venturing into overbought territory. As well, thoughts that acreage will increase from the March Planting Intentions report has sparked talk of some long liquidation activity, adding pressure. While dryness is a concern for the US soybean crop, it is less of a concern for beans than it is for corn. Nevertheless, Friday's WASDE report showed the lowest ending stocks estimate since 2012 (using current acreage estimates) suggesting that any yield limiting weather events could provide rationale for a move higher if and/or when they develop.

US corn futures opened lower this morning. US corn futures have turned around this morning, but a sustained push lower is unlikely given current demand factors and weather concerns. Nevertheless, there is increasing chatter that the fundamental corn picture is much better off than the market would suggest. New crop ending stocks estimates, while lower than expectations, are still above 2 billion bu, a number considered to be relatively high. The supportive tone appears to be coming from anxiety around how the growing season unfolds, pointing to Brazil today and the US drought in 2012 as how quickly conditions can change, especially amid concerns that La Nina will bring in dry spells, during critical development stages.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		191.04 195.16	185.50 199.63	164.59 171.07	163.96 165.14	138.54 154.43	140.30 146.19	141.71 149.95	152.31 153.49	152.38 152.38	152.97 155.70
Soymeal Wpg Delivered	602	588	588	585	584	583	583				
Corn	Local delivered price available on request										

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