



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 15, 2016

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

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

US Slaughter	
428,000	Tuesday
423,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$79.56
National	\$81.13
Iowa/S. MN.	\$79.69
Signature 3	\$187.18
HyLife	\$182.65
Thunder Creek	\$187.06
Sig 3 4-Month Fwd.	\$ 177.54
<b>BoC Rate (Noon) prev. day</b> \$1.2835 CAD / \$0.7791 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 were steady in yesterday's trade with a slight increase in hog numbers resulting in cooler packer bids. The trend in wholesale pork prices is commanding the direction and magnitude of moves in cash hog markets and packers are maintaining positive operating margins by staying disciplined to a plan of matching cash hog bids to changes in pork product values. Lean Hog futures experienced significant volatility in trade yesterday with the more active summer month contracts gaining \$1.50-\$2.00/cwt and setting new contract highs. However, the fall and winter month contracts moved sharply lower, possibly reflecting concerns about the anticipated increase in pork production in the Nov-Feb timeframe. Currently, producers can assure themselves of a cash rally of \$10/ckg over the next 5 weeks by utilizing forward contracts. This provides certainty at time when there is a great deal of speculation about the possibility of increased exports to China.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading lower as technical and short term fundamental indicators are currently weighing on the trade. Some long liquidation has contributed to correction lower, as has news indicating waning Chinese import activity, expectations of larger planted acreage (stemming from the shift from corn to beans) and a short term weather forecast that will largely be beneficial for some major growing regions heading into the weekend. However, further weather outlooks remain a major concern; there are thoughts that the weather will turn hot and dry near the 24<sup>th</sup> and that yield damage could occur if dry weather is sustained, which is typical in a La Nina pattern.

**US corn futures opened lower this morning.** Although US competitiveness has increased recently (US corn is currently cheaper than both Brazil and Argentine variants), an influx of cheap and plentiful feed wheat has created another element of competition that is keeping the price of US corn in check. As well, it is now widely documented that new crop ending stocks are expected to come in over 2 billion bu., currently the highest on record in about 10 years (and likely longer than that). Like beans, however, the US crop will be subject to weather developments until harvest and there is concern that if the weather turns negative and demand ramps up, ending stocks could rapidly decrease.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		195.19 199.33	185.85 203.00	167.75 176.62	167.15 168.34	137.11 153.08	138.88 144.80	139.57 147.81	150.16 151.34	150.87 150.87	151.46 154.91
Soymeal Wpg Delivered	614	602	598	594	591	592	592				
Corn	Local delivered price available on request										

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

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