



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 16, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets made marginal gains in trade yesterday, but the trend continues to remain hesitant to make significant gains even as the nearby Lean Hog futures are holding a significant premium over current cash prices. The pork cut-out is not seeing the robust gains that are typical for this time of year, with the trend of the last 6 weeks showing less than a \$0.75/cwt gain per week. In spite of this, the July Lean Hog futures contract is offering a premium of about \$6.00/cwt over the current cash market, which would assure producers of a rally of about \$2.00/ckg per week for the next 5 weeks. Cash and forward prices are receiving an extra boost from a decline in the Canadian Dollar of nearly 1 cent in this morning's trade. This results in an increase of approximately \$2.50/ckg across all periods. Good hedging opportunities exist in all offered forward contract weeks as there is significant uncertainty in export demand and in the hog supply ahead of the next week's release of the USDA's, 2nd Quarter Hogs and Pigs report.

Canadian delivered soymeal prices opened lower this morning. Reports of better than expected rainfall over many critical growing regions is providing some pressure in the short term. It is expected to get hotter and drier near the end of the month, but the later planted soybean crop really won't be under weather pressures until later in the growing season; the recent rain will help in the interim. As well, there is talk that the USDA will revise its planted acreage upward at the end of the month, although the amount by which remains to be seen. For now, there are estimates that an additional 2 million acres could mean an additional 90 million bu. added to ending stocks. However, if yield limiting weather becomes problematic, any added acreage might not do much except provide a small cushion against losses.

US corn futures opened lower this morning. Like beans, the US corn futures market is trading lower as the really hot and dry weather has yet to develop across the Midwest. In fact, better than expected rainfall has also been welcomed for corn growers in many regions. However, the really hot and dry weather is expected to come at some point with some models suggesting next weekend (near the 24th) to be the starting point of the La Nina influenced hot and dry system. For now, some technical selling is expected to develop amid the current 'high's'; the next leg up likely won't materialize until a clear weather premium develops.

US Slaughter	
427,000	Wednesday
426,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$80.22
National	\$81.45
Iowa/S. MN.	\$80.24
Signature 3	\$189.89
HyLife	\$183.99
Thunder Creek	\$189.51
Sig 3 4-Month Fwd.	\$ 179.03
BoC Rate (Noon) prev. day \$1.2914 CAD / \$0.7744 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)

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		195.89 200.09	186.55 203.92	169.22 178.21	168.63 169.91	140.73 156.92	142.53 148.53	143.52 151.90	154.30 155.50	154.97 154.97	155.57 157.09
Soymeal Wpg Delivered	606	592	588	585	585	585	585				
Corn	Local delivered price available on request										

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HWY #6 AND RD 236

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