



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 17, 2016

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

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

US Slaughter	
427,000	Thursday
420,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$81.18
National	\$82.04
Iowa/S. MN.	\$81.33
Signature 3	\$194.05
HyLife	\$186.47
Thunder Creek	\$193.98
Sig 3 4-Month Fwd.	\$ 176.37
<b>BoC Rate (Noon) prev. day</b> \$1.2914 CAD / \$0.7744 USD	
Cash Prices Week Ending June 18, 2016	
Signature 3	188.04/85.29
h@ms Cash	186.54/84.61
HyLife	n/a
Thunder Creek	182.90/82.96
ISO Weans	\$19.77 US Avg.
Feeder Pigs	\$65.80 US Avg.
#1 Export Sows (+500lbs.) \$46.00/cwt. (Tagged)	

**Forward contract prices opened lower this morning.** US cash markets made gains this week, even as hog numbers were abundant and poised for an increase in the weekly slaughter of about 20,000 hogs more than the same week in 2015. Packer operating margins have tightened, as wholesale prices for barbecue cuts like loins and ribs have experienced weakness. Normally, these cuts contribute positively to the pork cut-out at this time of year, but increased competition from beef and chicken along with abundant supplies are disrupting the seasonal trend, and US consumers are not experiencing lower prices at the retail level that would encourage consumption. Lean Hog futures have seen significant gains over the last two weeks, in large part due to an increase in fund buying which is not representative of market fundamentals. The speculation on behalf of funds that are focused on technical indicators has led to better pricing opportunities for producers, in particular for the summer timeframe where forward prices are offered at approximately \$10/ckg higher than current cash prices. Given the uncertainty coming from export sales volumes and next Friday's Hogs and Pigs report, producers should view current prices as an opportunity to secure profitable production margins.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. US weather uncertainty and tight supplies in the meal market are cited in part as rationale for the strength across the complex. There are increasing concerns over a period of prolonged La Nina influenced dryness that is expected to begin next week even though analysts note the crop will be more susceptible to damage later on rather than at the beginning of the spell. Argentina weather has improved somewhat allowing the harvest to pick up but ongoing quality concerns remain.

**US corn futures opened higher this morning.** US corn futures are being very much influenced by weather developments and are expected to be so until the uncertainty subsides. For now, most in the trade are pegging movements in the market to the rise and fall of temperatures in the critical growing areas and are anticipating support as dry and above average temperatures are expected in Indiana, Illinois and Ohio starting on the weekend. In fact, there is talk that next week's Crop Progress report could show declines in crop conditions following the heat and dryness. In the near-term, at least, this system of heat is expected to move out and provide some temporary relief, but only to be followed again by a period of dryness expected to begin after the 24<sup>th</sup>.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		191.57 195.69	185.06 202.12	166.86 175.69	166.13 167.30	138.14 154.02	139.91 145.79	142.28 150.59	152.96 154.15	152.84 152.84	153.43 156.93
Soymeal Wpg Delivered	610	595	594	594	586	592	592				
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236



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