



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 21, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
425,000	Monday
414,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$81.08
National	\$82.67
Iowa/S. MN.	\$81.34
Signature 3	\$190.34
HyLife	\$187.38
TCP/Britco	\$190.52
Sig 3 4-Month Fwd.	\$ 172.66
BoC Rate (Noon) prev. day \$1.2807 CAD / \$0.7808 USD	
Cash Prices Week Ending June 18, 2016	
Signature 3	188.04/85.29
h@ms Cash	186.54/84.61
HyLife	184.55/83.71
TCP/Britco	182.90/82.96
ISO Weans	\$22.58 US Avg.
Feeder Pigs	\$51.76 US Avg.
#1 Export Sows (+500lbs.) \$42.00/cwt. (Tagged)	

Forward contract prices opened mostly higher this morning.

US cash markets started the week with small gains, remaining consistent with the trend over the last two weeks. Packer operating margins are still profitable, but have shrunk considerably as their cash bids have gained against wholesale pork prices (as typically happens in the summer timeframe). Hog numbers continue to decline and are expected to be at their tightest for the year in about 4 weeks, but the numbers are not shrinking as quickly as normal for this time of year. Recent weekly slaughter numbers are approaching 2% larger than year ago and are expected to climb another 1.5% over the next 3 months. However, the USDA's Quarterly Hogs and Pigs report (released after trading on Friday at 3PM, Eastern) will provide updated supply information for the last half of 2016 which could result in a significant move in Lean Hog futures next week. Large speculators known as 'the Funds' have built up a large long position of more than 80,000 contracts which could be at risk of a selloff beginning Monday if Friday's report is more bearish than the market anticipates. Producers without protection for in the last half of 2016, should cover a portion of their production at current prices.

Canadian delivered soymeal prices opened lower this morning.

Crop conditions came in at the lower end of expected downgrades yesterday resulting in some pressure in today's trade. An estimated 73% of the crop is in good/excellent condition compared to 74% last week and a 10-year average of 65%. As well, 96% of the crop is planted meaning it is essentially completed and the weather will now be watched very closely. For now, moisture levels in major growing regions are adequate and forecast models are showing heavier rainfall in the north (1½ to 3 inches expected in the next 7 days). However, the southern growing states have been dry and hotter weather is expected ahead.

US corn futures opened lower this morning. Like beans, good crop conditions and an expectation of decent rain across much of the Midwest is pressuring the trade this morning. In fact, there is talk of a more normal weather pattern for the next two weeks which is good news for crop development. In the interim, northern states could see up to 3 inches of rain while states further south are only expected to see between ¾ and 1¼ inches in the coming days. Crop conditions were the same as last week, coming in at 75% good excellent (71% last year). It is assumed the corn crop is 100% planted; the USDA is no longer reporting on the corn crop's planting progress in the US.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		191.11 195.22	183.08 200.11	166.45 175.26	165.86 167.08	136.83 152.70	138.60 144.47	138.81 147.03	149.38 150.55	149.21 149.21	149.80 157.72
Soymeal Wpg Delivered	592	578	577	576	575	575	575				
Corn	Local delivered price available on request										

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