



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 23, 2016

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

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

US Slaughter	
425,000	Wednesday
418,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$82.17
National	\$83.40
Iowa/S. MN.	\$82.26
Signature 3	\$193.09
HyLife	\$188.16
TCP/Britco	\$192.87
Sig 3 4-Month Fwd.	\$ 166.38
BoC Rate (Noon) prev. day \$1.2820 CAD / \$0.7800 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 lower this morning. US cash markets are following the same firmer trend experienced earlier this week as packers are willing to add to their cash bids. Although more modest than in past years, the pork cut-out continues to rally into the summer timeframe with new found support from the ham and belly primal cuts while ribs and loins are down close to 10% over the last 3 weeks. Producers have been optimistic about the market's ability to make further gains into the summer, resulting from the larger than average premium that futures have held over the cash market. However, Lean Hog futures were down sharply in yesterday's trade with the August contract losing nearly \$3.00/cwt on the day. Even after the weakness in yesterday's trade, there are still good pricing opportunities in the Nov – Feb timeframe. Tomorrow's release of the USDA Hogs and Pigs report could result in further weakness in the futures late this week, as funds sell out of their large long position ahead of the report. Most analysts expect to see increases in the hog supply reflected in the report, but not enough to result in a massive market correction.

Canadian delivered soymeal prices opened lower this morning. Pressure remains on the US soybean futures trade as current information suggests ending stocks estimates could increase if increases in acreage (expected) and normal weather patterns (uncertain) materialize. Assuming 2.5 million acres are 'shifted' to soybeans in the USDA report at the end of the month, new crop ending stocks could jump to 377 million bu. from the current 260 million. The weather has been so far reasonably cooperative and crop conditions are among record highs for this time of year. However, there is still some concern on a period of prolonged dryness expected in a couple weeks that could turn things around very quickly.

US corn futures opened lower this morning. There is talk now suggesting that the corn acres 'shifted' to beans could likely come out of Prevent Plant acreage meaning that corn acreage could stay relatively stable relative to current estimates even as bean acreage increases. The important thing to take away is that acreage 'added' to beans may not necessarily be exactly equal to a lower corn acreage assessment. The USDA will confirm new crop acreage at the end of the month. In other news, Canadian feed purchasers should be mindful of a potentially volatile Canadian dollar in the next couple days as Britain conducts a referendum on remaining in the European Union today; the results will likely impact global currency markets, among others.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		184.25 188.34	173.56 190.52	160.82 169.59	160.15 161.32	133.63 149.40	135.38 141.22	136.29 144.52	146.87 148.04	146.63 146.63	147.22 155.40
Soymeal Wpg Delivered	574	560	561	560	558	559	559				
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236



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