



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, August 10, 2016

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

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

**Forward contract prices opened lower this morning.** US cash markets are trading lower this week with pressure coming from abundant hog and pork supplies. Daily slaughter totals are running around 433,000 hogs, well above the normal pace of slaughter that is typical for this time of year. All of the pork primal cuts are trading at or below levels experienced in April, with the two highest priced cuts (bellies and ribs) trading at their lowest level in a year. When one factors in the seasonal increase in production that typically adds another 10% more pork over the next 6 weeks, it is increasingly difficult to expect the heavy pork supplies to clear without further significant price concessions. As a result, fall and winter month forward contracts are unlikely to experience any significant price recovery in the near term. The combination of lower lean hog futures and a stronger Canadian Dollar this morning has dropped forward contract prices to their lowest level for 2016.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher. Strong demand has been driving the market recently with an appetite for US beans being described as 'voracious'. Ten days of straight sales to either China or unknown destinations has brought the cumulative total to 3.17 MMT. As well, there have been some production estimate declines announced in Brazil that now come in at 95.4 MMT from 95.6 MMT. While the difference is not large, the message it sends is that supplies are tighter than anticipated. Traders are eagerly awaiting the August WASDE report on Friday that is expected to show increases in yield and production, but also increases in demand.

**US corn futures opened higher this morning.** US corn futures have finally opened on a higher note compared to the pressure that has been a feature of the trade that started mid-June. Demand is expected to be stronger within the next six months and combined with the surprise decrease in crop conditions released on Monday, the news has been enough to help establish a bottom for now. In fact, there is talk current prices represent fair value given the current fundamentals and expectations for the August WASDE report. Like beans, traders are awaiting the fresh news from the USDA that will be released mid trade on Friday.

US Slaughter	
433,000	Tuesday
424,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$62.50
National	\$70.11
Iowa/S. MN.	\$62.72
Signature 3	\$150.27
HyLife	\$162.43
TCP/Britco	\$150.46
Sig 3 4-Month Fwd.	\$122.34
<b>BoC Rate (Noon) prev. day</b> \$1.3117 CAD / \$0.7624 USD	
Cash Prices Week Ending August 6, 2016	
Signature 3	157.87/71.61
h@ms Cash	156.37/70.93
HyLife	165.92/75.26
TCP/Britco	164.00/74.39
ISO Weans	\$18.56 US Avg.
Feeder Pigs	\$32.80 US Avg.
#1 Export Sows (+500lbs.)	\$47.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		129.85 130.45	129.19 130.38	110.09 126.20	111.88 117.85	117.84 126.18	128.56 129.75	136.37 136.37	136.96 148.15	156.96 167.66	164.09
Soymeal Wpg Delivered	486	486	483	481	481	477					
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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