



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, August 19, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened mostly higher this morning.

US cash markets are lower to finish off the week continuing the pressure trend seen recently. ISM, WCB and National reporting regions were all down, \$0.55, \$0.73 and, \$0.09 USD/cwt. respectively. There is some evidence weekly demand from export markets is picking up somewhat. There is also talk that China supplies are tight and rumors that the all important Mexican market could be looking for supplies soon. However, the current export pace is far from what would be required to clear the market and reinvigorate support. Weekly slaughter is on pace to come in lower than last week, but approximately 3.6% higher than last year. Looking forward, lean hog futures are trading modestly higher this morning, mostly supported by technical trading dynamics, but are not expected to show any substantive or fundamental support in the mid-term. Supply expectations remain bearish for the autumn timeframe and while the export market is improving somewhat, the domestic market is likely not going to make up the difference required to rationalize a significant move higher.

Canadian delivered soymeal prices opened higher this morning.

US soy futures are trading lower. Weather remains a bearish factor and the currently high yield expectation will be watched very closely, especially as the Pro Farmer crop tour reports start rolling in. In other news, the oil component has been supportive to the complex as concerns in other oil markets boosted demand for soy oil and pushed the trade into an overbought condition. The result has been a choppy and two sided trade that has begun to show some signs of weakness following news of a 2.5% move lower in the palm oil market yesterday.

US corn futures opened higher this morning.

US corn futures traders are grappling with some seemingly conflicting dynamics, but the trade is currently moving higher after bouncing off lows earlier on. On the one hand, new crop export sales (albeit a bit early in the season to draw any conclusions) are off pace by about 5% and the Brazil Agricultural Ministry has posted production estimates 4 MMT higher than the USDA's current 80 MMT estimate. However, new crop yield is somewhat in dispute as the 175.1 bpa estimate from the USDA is currently believed to be a bit to high by some in the market.

US Slaughter	
434,000	Thursday
425,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$63.29
National	\$68.26
Iowa/S. MN.	\$63.53
Signature 3	\$148.20
HyLife	\$154.80
TCP/Britco	\$148.40
Sig 3	\$125.80
4-Month Fwd.	\$125.80
BoC Rate (Noon) prev. day \$1.2775 CAD / \$0.7828 USD	
Cash Prices Week Ending August 20, 2016	
Signature 3	150.92/68.46
h@ms Cash	149.42/67.78
HyLife	n/a
TCP/Britco	150.80/68.40
ISO Weans	\$20.72 US Avg.
Feeder Pigs	\$29.70 US Avg.
#1 Export Sows (+500lbs.)	\$52.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3			135.20 136.38	115.68 131.60	117.45 123.34	119.41 127.66	132.37 133.55	135.43 136.61	139.55 151.64	154.00 166.93	163.40 171.04
Soymeal Wpg Delivered	472	472	468	466	466	462					
Corn	Local delivered price available on request										

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