



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 30, 2017

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

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

US Slaughter	
2.192 mil.	Last Week
2.184 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$71.19
National	\$76.55
Iowa/S. MN.	\$71.32
Signature 5	\$179.08
HyLife (prev. day)	\$181.29
Britco (prev. day)	\$175.39
TCP/BP2	\$179.08
Sig5 - Full Range	\$ 159.81
BoC Rate (Noon) prev. day \$1.3446 CAD / \$0.7437 USD	
Cash Prices Week Ending May 27, 2017	
Signature 3	176.58/80.10
Signature 4	182.50/82.78
Signature 5	179.54/81.44
h@ms Cash	178.04/80.76
HyLife	181.49/82.32
Britco	177.75/80.63
TCP/BP2	178.01/80.74
ISO Weans	\$29.51 US Avg.
Feeder Pigs	\$52.86 US Avg.
#1 Export Sows (+500lbs.) \$52.00 /cwt. (Tagged)	

Forward contract prices opened mostly higher this morning.

US packers are expected to start this week with steady to firm bids for live hogs as packer demand remains strong amid good product movement. With the US Memorial Day holiday shortening this week's production schedule, packers are expected to expand their Saturday slaughter which should support this week's cash market. The June lean hog futures contract is trading at a \$6.00 USD/cwt premium to the current cash index price which implies strong cash market rally over the next two weeks. While export sales volumes have struggled to match year-ago levels to China, sales to other countries have been strong enough to offset the deficit and clear the market of the added pork supplies. Summer month forward contract prices are trading at their highest level since being offered. However, producers should focus their attention on covering their fall and winter price risk in order to protect against the effect of record large pork production.

Canadian delivered soymeal prices opened lower this morning.

Pressuring factors included ideas that the Brazilian currency has yet to find a low (more bean sales when it finally does), weak demand from China on poor crush margins, and a relatively strong start to the US crop year. Traders are expecting total planting to come in near 65% in today's Crop Progress report compared to a 71% average. In the meantime, the only supportive factor is weather uncertainty and there is talk that unless crop damage is reported, the market will retain its bearish tone for now. Summer rallies, to the extent they exist, would usher in some support, but the market has not yet added any significant premium into futures prices for the summer timeframe.

US corn futures opened lower this morning.

Like beans, US corn futures are starting the holiday-shortened trading week under some pressure. Illinois and Indiana have experienced a lot of rain (and more is forecast for this week), but over much of the production area, rainfall was not as heavy as expected last week. There is talk that some drying-out weather ahead will likely provide a good start for the crop already in the ground. Chinese auctions continue to sell large amounts of corn from state reserves and even though the US does not sell a lot of corn into the Chinese market (comparatively), any extra supply released into the marketplace is viewed as a bearish development as supply pipelines potentially shift, not to mention impacts on substitute goods.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			186.64 193.18	180.26 188.82	161.82 170.58	158.76 161.67	139.04 150.99	136.54 144.90	141.64 149.98	150.59 153.80	154.09 159.28	159.37 160.21
Soymeal Wpg Delivered.	438	435	429	434	436	452						

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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