



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 05, 2017

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

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

US Slaughter	
1.972 mil.	Last Week
1.897 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$73.94
National	\$77.80
Iowa/S. MN.	\$74.27
Signature 5	\$183.02
HyLife (prev. day)	\$184.86
Britco (prev. day)	\$184.43
TCP/BP2	\$184.76
Sig5 - Full Range	\$ 161.51
BoC Rate (Noon) prev. day	
\$1.3504 CAD / \$0.7405 USD	
Cash Prices Week Ending June 3, 2017	
Signature 3	180.46/81.86
Signature 4	183.93/83.43
Signature 5	182.20/82.64
h@ms Cash	180.70/81.96
HyLife	182.81/82.92
Britco	176.31/79.97
TCP/BP2	179.54/81.44
ISO Weans	\$23.70 US Avg.
Feeder Pigs	\$52.06 US Avg.

Forward contract prices opened mixed this morning. US cash markets ended last week with firm bids as packers have been willing to increase their hog costs in order to keep their plants full. Estimated packer margins are well over the \$30 USD/hog level allowing packers the flexibility to chase live hog supplies. However, there are conflicting market indicators that could result in a change to the cash market trend. Recent export sales data suggests the market has been shipping lower volumes with pork destined for China and Japan down sharply from year ago levels. Confirmed monthly export volumes for April are due to be released today, which could trigger weakness in the lean hog futures. Currently, summer month contracts are within \$1.00 USD/cwt of their contract highs, while the fall and winter months are trading near their highest level in more than 2 months. Producers should consider covering up to half of their Sep – Feb production at current prices in order to secure positive cash flow during a time of high supplies and uncertain demand.

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading mixed to start the week as the market digests the export information from last week and the weather forecast ahead. The market is also trading in an oversold condition and could find a 'bottom' if enough supportive news materializes this week. On the support front is the export news from last week showing the highest volume ever for that particular week going back to 1990. As well, a bout of dry weather ahead could prove to be too dry (despite some areas needing some drying out) and possibly hamper crop development in the short term. On the pressuring front are a lot of beans coming from Brazil and South America. Brazil alone is expected to produce somewhere in the neighbourhood of 113 MMT and some private estimates are as high as 115 MMT (!).

US corn futures opened higher this morning. Despite an overnight bounce, news so far has yet to provide clear direction. Supportive factors include ongoing concerns regarding final acreage as prevent plant and replanting data has yet to officially surface. As well, the recently wet weather leading to oversaturation and some root development issues are exacerbating worries within the trade that crops could be pollinating a bit later when the weather is hotter, and perhaps a bit too hot for ideal crop development. Analysts have been professing for weeks that yields might not come in as strong as would be ideal. Pressuring factors include ideas that a lot more competition will be coming from South America, not to mention ideas that buyers and government in the US's largest export market (Mexico) are looking elsewhere for a first-choice supplier.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		188.45 194.96	181.81 190.39	163.42 172.19	160.22 163.13	141.37 153.33	138.87 147.24	143.28 151.63	152.24 155.46	155.39 160.59	160.68 161.52
Soymeal Wpg Delivered.	443	437	442	443	460	463					

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HWY #6 AND RD 236

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