



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 14, 2017

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

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Hog Prices: ↓Soymeal: ↓

Corn: ↑CDN Dollar: ↑

US Slaughter	
433,000	Tuesday
429,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$80.51
National	\$81.48
Iowa/S. MN.	\$80.63
Signature 5	\$193.41
HyLife (prev. day)	\$192.38
Britco (prev. day)	\$195.21
TCP/BP2	\$193.41
BoC Rate (Noon) prev. day	
\$1.3238 CAD / \$0.7554 USD	
Cash Prices Week Ending June 10, 2017	
Signature 3	188.39/85.45
Signature 4	188.88/85.68
Signature 5	188.63/85.56
h@ms Cash	187.13/84.88
HyLife	188.57/85.53
Britco	182.66/82.85
TCP/BP2	182.20/82.65
ISO Weans	\$26.18 US Avg.
Feeder Pigs	\$53.13 US Avg.

Forward contract prices opened lower this morning. US cash markets surged higher in yesterday's trade as packers were willing to match gains they experienced in wholesale pork prices. The pork carcass cut-out gained nearly \$2.00 USD/cwt, taking the benchmark for wholesale pork prices to its highest level since November 2014. While all primal cuts showed strength, belly and rib prices led the way with 5% gains the last two days. Live hog supplies are trending lower, in line with the normal seasonal trend, but continue to exceed year ago levels by close to 5%. If these year over year gains in hog numbers are maintained, we can expect some weekly US hog slaughter numbers to exceed 2.6 million head in November and December. The importance of maintaining export sales growth cannot be overstated and any disruption to a positive trend will likely have a very negative impact on fall cash hog prices. All current indicators suggest that exports sales are performing very well, but factors affecting export sales volumes are difficult to forecast. Longer term, exports to Japan from the US and Canada are under threat as the EU seeks to gain preferential tariff treatment for EU pork under a new economic partnership agreement.

Canadian delivered soymeal prices opened lower this morning.

The market may finally have some foundation to make a move higher (that would coalesce with a summer rally that has been a feature of the Canadian meal market since at least 2012), but concrete rationale has yet to develop. The only bearish feature remaining appears to be the large supplies coming from South America that are likely already priced in at this point. Bullish factors on the radar, however, include thoughts that the bean crop could yield 46.8 bpa or lower, some lower private acreage estimates (until the acreage report comes out at the end of the month) and ideas that China imports will increase 2-3 MMT for this crop year (and next), all of which are providing a supportive tone to the market. As well hot weather remains to the west for now and the forecast rain is welcome, but there is increasing talk the rain might be too late to fit a 'normal' development pattern.

US corn futures opened higher this morning.

Like beans, ideas of a normal weather pattern for US corn farmers are quickly falling by the wayside. At first, there was too much moisture that even prevented some acres from being planted. The moisture also led to issues regarding root development in some areas. Now, too much heat it is threatening a crop that did not get off to a good start. There is some rain in the forecast, but analysts are concerned the modest rainfall will not be enough to fend off the potential stress from high heat that appeared before (and now expected after) this bit of forecast rain. There are concerns that the Dakotas and the three "I" states (Illinois, Iowa and Indiana) could all suffer from top and subsoil moisture issues if timely rain does not materialize. And like beans, there are areas where any amount of rainfall could be too late for normal development this year.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		185.55 190.42	173.33 181.71	159.84 168.41	156.79 159.63	139.02 150.71	136.58 144.76	141.11 149.27	149.86 153.01	164.64 159.73	160.59 161.42
Soymeal Wpg Delivered.	427	427	433	435	444	446					

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