



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 16, 2017

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

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Hog Prices: ↓ Soymeal: ↓

Corn: ↑ CDN Dollar: ↓

| US Slaughter                          |                     |
|---------------------------------------|---------------------|
| 433,000                               | Thursday            |
| 425,000                               | Thursday (year ago) |
| Daily Prices                          |                     |
| W. Corn Belt                          | \$84.59             |
| National                              | \$82.96             |
| Iowa/S. MN.                           | \$84.66             |
| Signature 5                           | \$200.78            |
| HyLife (prev. day)                    | \$192.86            |
| Britco (prev. day)                    | \$205.67            |
| TCP/BP2                               | \$200.78            |
| <b>BoC Rate (Noon) prev. day</b>      |                     |
| \$1.3283 CAD / \$0.7528 USD           |                     |
| Cash Prices Week Ending June 17, 2017 |                     |
| Signature 3                           | 197.65/89.65        |
| Signature 4                           | 192.76/87.44        |
| Signature 5                           | 195.20/88.54        |
| h@ms Cash                             | 193.70/87.86        |
| HyLife                                | n/a                 |
| Britco                                | 189.89/86.13        |
| TCP/BP2                               | 188.63/85.56        |
| ISO Weans                             | \$26.18 US Avg.     |
| Feeder Pigs                           | \$53.13 US Avg.     |

**Forward contract prices opened lower this morning.** US cash markets are finishing the week with significant gains over last week's levels while most regions are reporting gains of more than 8% of their value. Although the weekly US slaughter is anticipated to be around 2.15 million hogs, which will possibly be the lowest for the year, it will still be over 4.5% larger than year-ago levels. Despite impressive gains in the cash market, lean hog futures came under heavy pressure yesterday with the selloff likely initiated by the weekly export sales report showing the lowest sales commitments for any week so far this year. With pork production near its lowest level for the year as well, one would expect export sales to be lower. But with last week's number dropping 29% from the 4-week average, traders could not ignore the bearish signal. The current USDA forecast for pork production growth over the next 6 months is for 13.5% more pork which, compared to last year's 11.5% growth over the same timeframe, could be burdensome to the pork market - unless export and domestic demand make significant gains. Producers that have not hedged portion of their September - February production are encouraged to mitigate some of this price risk at the currently profitable prices that are available.

**Canadian delivered soymeal prices opened lower this morning.** While US soybean futures are closing lower to finish a week, talk of weather premiums continue to dominate. The next few days are expected to see some rainfall that could relieve potentially stressed crops following that hot weather last week. However, another stretch of hot weather is thought to be following the recent rain, and with talk of deteriorating topsoil conditions, the next wave of heat could be enough to influence some damage. In any event, the market typically trades a bit choppy at this time of year when acreage and yield is, for the most part, largely unsecured and speculation runs rampant. In the meantime, the market will be sensitive to weather news and traders will have to wait for the acreage report at the end of this month for clearer direction. Recent strength in the Canadian dollar continues to pressure Canadian meal prices.

**US corn futures opened higher this morning.** Weather news remains largely supportive for the US corn trade, but the action this morning has been two sided. Most of the choppiness can be chalked up to seasonality, when, like beans, concrete acreage remains a bit of a mystery. To be sure, there are estimates in place based on earlier intentions. However, the less than ideal start to this year's crop has many suggesting replanted, prevent plant, and shifting acreage numbers could climb. As acreage is the starting point of any potential production analysis, the market will welcome the USDA's acreage report at the end of the month. Then, crop tours and better yield estimates will tighten the estimates up later in the growing season. For now, the trade will likely track closely to weather news; further out, there are thoughts that some support will return as stocks draw down over the next year.

| Fixed Forward Range (at opening) | Jun | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              | Jan              | Feb              | Mar              | Apr              |
|----------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5               |     | 185.13<br>190.03 | 169.73<br>178.16 | 152.96<br>161.58 | 149.90<br>152.76 | 132.44<br>144.20 | 129.98<br>138.21 | 135.59<br>143.82 | 144.41<br>147.58 | 149.06<br>154.19 | 154.39<br>155.22 |
| Soymeal Wpg Delivered.           | 425 | 425              | 430              | 432              | 442              | 444              |                  |                  |                  |                  |                  |

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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