

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 20, 2017

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

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

US Slaughter	
430,000	Monday
419,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$86.47
National	\$85.52
Iowa/S. MN.	\$86.47
Signature 5	\$205.11
HyLife (prev. day)	\$199.16
Britco (prev. day)	\$209.07
TCP/BP2	\$205.11
BoC Rate (Noon) prev. day \$1.3220 CAD / \$0.7564 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	192.76/87.44
Britco	189.89/86.13
TCP/BP2	188.63/85.56
ISO Weans	\$23.71 US Avg.
Feeder Pigs	\$51.69 US Avg.

Forward contract prices opened mixed this morning. US cash markets climbed higher yesterday to start the week with hog supplies approaching their tightest levels for the year and wholesale pork demand providing strong support. US packers are paying their highest price for hog supplies since December 2014, surpassing the summer peaks of both 2015 and 2016. Wholesale pork prices are the leading bullish factor contributing to the cash market gains with hams, bellies and ribs all posting strong, steady gains for the last week. The value of these primal cuts are typically driven by domestic demand, indicating that US consumers are seeing great value for the money spent on pork. While there is more uncertainty in the export market after last week's USDA report showed weak pork export sales volumes, traders have been willing to overlook this recent anomaly. Fall and winter month lean hog futures are seeing added price volatility, reflected by Friday's trade hitting the lowest price in 6 weeks, while in today's trade prices are approaching, or hitting, new contract highs. Producers who have been waiting to add protection to their Sep – Feb production, should use the recent rally as an entry point to hedge as much as 50% of their intended production in this timeframe.

Canadian delivered soymeal prices opened mixed this morning. Yesterday's Crop Progress report showed that conditions came in largely within expectations at 67% rated good/excellent. This is up 1% from last week, but behind the 73% rating last year. One should recall, however, that last year's rating was the highest on record for this week while the lowest was in 1988 at 24%. The 10-year average for the good/excellent rating is 66% suggesting, despite the recent weather-related rhetoric, the crop that has emerged is actually in decent shape. There are challenges, however. Some of the southern states that should be ahead in terms of planting progress like Kansas (90%) and Kentucky (87%) are actually behind states such as North Dakota (100%), for example. The national planting pace average is set at 96% with an estimated 4.1 million acres to be planted out of an approximate 93-million-acre crop.

US corn futures opened lower this morning. Like beans, US corn futures are trading lower amid a forecast that is cooler and wetter over the next 10 days and thoughts that the heat wave out west (previously believed to make its way into the Midwest) might hold off for now and give the crop some chance to develop before stress returns. Traders were looking for a 1-2% increase in crop conditions, but instead, the USDA rated the crop exactly the same as last week at 67% in good/excellent condition. This compares with a 75% last year and a 69% 10-year average. Fears of a heat wave behind the last rain have largely subsided for now and the 6-10 day forecast for the Corn Belt is calling for below normal temperatures out to the end of June.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			176.72 185.16	160.34 168.97	157.18 160.05	137.69 149.45	135.23 143.46	139.52 147.73	148.32 151.48	151.60 156.72	156.91 157.74
Soymeal Wpg Delivered.	426	426	432	424	444	446					

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