



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 23, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Hog Prices: ↓Soymeal: ↓

Corn: ↓ CDN Dollar: ↑

**Forward contract prices opened lower this morning.** US negotiated cash markets are finishing the week with slightly lower bids after the rally in pork product prices added 5% to the value of the pork carcass cut-out. Demand for pork, mostly from the domestic market, drove pork prices to gain more than 1/3 of their value over the last two months, but there are indications that prices are resisting further gains. Most of the support came from pork bellies which added 55% of their value in the last two months, but the primal is notoriously volatile. Lean hog futures have turned decisively lower this morning with influence coming from the apparent 'top' in the wholesale pork market. According to the USDA's Cold Storage report, pork inventory was almost exactly the same on May 31 as it was on April 30 while the typical trend over that timeframe is for a 5% decline in inventory. Market sentiment has turned negative over the last two days, but there is still potential for another recovery, as demand factors are still largely supportive. Producers with coverage of 50% production over the Sep – Feb timeframe should consider setting targets on an additional 20% at \$12 CAD/ckg higher than current prices in an effort to take advantage of the added price volatility seen recently.

**Canadian delivered soymeal prices opened lower this morning.**

US soybeans are trading lower to finish the week as the weather outlook improves to the end of the month. At least one ag publication has suggested that over the past three years, improving weather in June has set the crop up for good development for the rest of the growing season. However, the observation is merely anecdotal. There is a lot that can happen between now and harvest and June weather overall this year has been less than ideal. South American production estimates remain largely unchanged save for Argentina who lowered estimates by 1MMT. There are still a lot of beans coming from S. America. Old crop export sales came in lower than expectations which is a bearish development. The Canadian dollar has corrected lower since yesterday, but the pressure in beans and meal still sees Canadian meal prices pushed lower.

**US corn futures opened lower this morning.**

With the weather is turning more positive for crop development in the next week, other news items are making the rounds. Most of it is bearish. For example, there are thoughts that a continuing weakness in S. American currencies will make exports from the region more attractive compared to USA variants (including beans and meal) so long as supply pipelines aren't disrupted (by strikes, for example). China has aggressively entered the ethanol market (15x export pace of year-ago) which could pressure US net production further out. On the other side of the equation, cumulative export sales are slightly higher at 97.6% compared to a 96.2% 5-year average. And while the weather has improved (turning cooler and avoiding heat stress) it is still a bit dry and moisture is definitely needed.

US Slaughter	
432,000	Thursday
424,000	Thursday (year ago)

Daily Prices	
W. Corn Belt	\$86.60
National	\$89.78
Iowa/S. MN.	\$86.61
Signature 5	\$210.59
HyLife (prev. day)	\$210.31
Britco (prev. day)	\$209.74
TCP/BP2	\$210.59

<b>BoC Rate (Noon) prev. day</b>
\$1.3241 CAD / \$0.7552 USD

Cash Prices Week Ending June 24, 2017	
Signature 3	210.40/95.44
Signature 4	204.73/92.86
Signature 5	207.56/94.15
h@ms Cash	206.06/93.47
HyLife	n/a
Britco	200.62/91.00
TCP/BP2	195.20/88.54

ISO Weans	\$23.71 US Avg.
Feeder Pigs	\$51.69 US Avg.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			169.64 178.08	156.61 165.24	153.82 156.69	135.04 146.84	132.58 140.83	137.33 145.56	146.16 149.33	150.14 155.27	154.53 155.36
Soymeal Wpg Delivered.	417	417	421	422	430	432	432				

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and **all pricing is subject to verification**. Any unauthorized distribution is strictly prohibited.

WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

CALL CRYSTAL FOR MORE INFO 204-235-2225

ACCEPTING:  
SOWS  
BOARS  
LIGHTS  
MARKET HOGS