

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

Forward contract prices opened higher this morning. US cash markets were not reported yesterday due to the US holiday Martin Luther King Day. However, some slaughter plants were operating extended hours over the long weekend, making up for downtime earlier in the week. US weekly hog slaughter was estimated at 2.3 million hogs, or about 2.5% larger than year ago levels. Packers are still benefitting from strong margins, and with supplies abundant, are expected to keep bids no better than steady early this week. News of an outbreak of Bird Flu (H7N80) could apply some bearish pressure on livestock futures this week. The number of infected operations is less significant than the possible impact that the outbreak may have on the resumption of poultry exports. Poultry exports had not fully recovered from the spring outbreak of the H5N2 strain which impacted egg and turkey operations, thus leading to burdensome domestic supplies. **Given the large premium that all forward contract periods hold over cash prices, producers should look at covering up to half of their 2016 production with a focus on the Sep-Dec timeframe.**

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher to start this holiday-shortened trading week that began with an overnight rally sparked elsewhere. Support comes in part from the oil component of the complex where there is evidence India has increased imports 24% relative to last year and talk that vegetable oil production (palm) is down 12% regionally. However, the support could be relatively short-lived. Large production volumes, stiff export competition, and the persistently high USD are all factors contributing to a bearish tone. As well, talk that a confirmed bird flu case on a turkey farm in Indiana could lead to massive culling and potentially reduce poultry feed demand ahead.

US corn futures opened higher this morning. US corn is experiencing some support to start the week that is a bit counterintuitive considering the strong bearish indicators ahead. The recent support is viewed as a function of strength in the Brazil cash market, exacerbated by a rain delay, and the recent record net-short position among the funds where almost any spark could trigger a reversal. However, there is talk that two shipments from Argentina will make their way to the US eastern seaboard and that South Korea purchases are going to Argentina as international buyers shun the relatively higher priced US variants.

US Slaughter	
2.3 mil. (est.)	Last Week
2.244 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$52.68
National	\$57.73
Iowa/S. MN.	\$52.66
Signature 3	\$140.08
Hylife	\$147.62
Thunder Creek	\$139.72
Sig 3 4-Month Fwd.	\$173.18
B of C Ex. Rate (Noon)	
\$1.45070 CAD / \$0.6893 USD	
Cash Prices Week Ending January 16, 2016	
Signature 3	136.35/61.85
h@ms Cash	134.85/61.17
Hylife	142.75/64.75
Thunder Creek	130.80/59.33
ISO Weans	\$59.42 US Avg.
Feeder Pigs	\$68.57 US Avg.
#1 Export Sows (Tagged) \$34.50/cwt (+500lbs.)	

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		155.55 155.55	153.29 161.26	163.25 171.20	175.72 194.32	195.65 202.29	192.44 202.95	182.13 198.00	169.30 176.57	168.64 170.60	147.10 165.02	149.09 155.73
Soymeal Wpg Delivered	449	449	449	453	453	457						
Corn	Local delivered price available on request											

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STRENGTH IN NUMBERS

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