

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 21, 2016

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 cash markets continued their higher trend yesterday, with support coming from the pork carcass cut-out which gained close to \$1.00/cwt. Gains in the cut-out were attributed to firmer prices for cuts destined for further processing such as bellies and hams. Tomorrow's USDA Cold Storage report will likely have an impact on Lean Hog futures trade as it will provide some insight into pork sales over the holidays and give analysts a starting balance for 2016. Hog supplies remain ample for near term packer demand, and are projected to trend slightly higher than year ago levels for the next few months. However, there are significant differences this year with supplies of chicken and beef heavier, prices for by-products weaker, and a stronger US Dollar. **Producers can currently secure a price of \$170/kg for the year through current forward contract prices, which represents a good hedging opportunity in light of the bearish market factors.**

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher this morning, but the move higher is thought to be short-lived in what some traders are calling a "non-bullish" environment. That is to say, while some technical indicators might support a move higher amid the current lows, the fundamental picture further out hints at very large volumes to come. Brazil is poised to produce a record crop with some estimates as high as over 100 MMT and of course, looming volumes from Argentina are thought to be 'finally' making their way into the global marketplace. A disruptive weather event in S. America could spark some sustained support, but it would have to develop soon.

**US corn futures opened higher this morning.** Strength in other grains and thoughts that the Brazilian second season of growing (Safrinha crop) could come under some pressure as El Nino conditions subside. The end of an El Nino event typically brings in a period of dryness in the region which could impact production from Brazil and curb global production estimates. However, weather prediction remains elusive and the trade expects a weather premium to ebb and flow as more evidence is uncovered. Like beans, however, current supply numbers are 'non-threatening' for the time being and estimates for pricing come in between \$2.90 and \$3.00 USD/bu., reflecting ample supplies pegged for 2016.

US Slaughter	
432,000	Wednesday
428,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$55.64
National	\$58.60
Iowa/S. MN.	\$55.72
Signature 3	\$148.79
Hylife	\$149.68
Thunder Creek	\$148.67
Sig 3 4-Month Fwd.	\$170.22
<b>BoC Rate (Noon) prev. day</b> \$1.4589 CAD / \$0.6854 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		155.05 155.05	150.04 157.94	159.92 167.76	172.71 191.13	192.45 199.03	190.51 199.69	179.88 195.63	165.76 172.97	164.86 166.17	141.93 159.62	143.90 150.45
Soymeal Wpg Delivered	447	447	447	451	451	453						
Corn	Local delivered price available on request											

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.

follow us @hamsmarketing  


### Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

