



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, January 26, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
434,000	Monday
433,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$57.03
National	\$60.04
Iowa/S. MN.	\$57.04
Signature 3	\$148.98
Hylife	\$149.53
Thunder Creek	\$148.68
Sig 3 4-Month Fwd.	\$173.44
BoC Rate (Noon) prev. day \$1.4252 CAD / \$0.7017 USD	
Cash Prices Week Ending January 23, 2016	
Signature 3	144.72/65.64
h@ms Cash	143.22/64.96
Hylife	149.91/68.00
Thunder Creek	138.40/62.78
ISO Weans	\$62.20 US Avg.
Feeder Pigs	\$71.30 US Avg.
#1 Export Sows (Tagged) \$38.00/cwt (+500lbs.)	

Forward contract prices opened mixed this morning. US cash markets gained about \$0.50/cwt in trade yesterday, a trend that needs to be maintained for the next 2 weeks if the cash market is to meet the current February Lean Hog futures. However, some analysts are expecting softer cash bids from packers, reflecting the abundant supplies that are available. The hog supply is now running near year ago levels, not because numbers have dropped significantly, but because hog supplies recovered from PEDv at this time last year. Lean Hog futures are still offering a premium of nearly double the 5 year average for both the spring and summer contracts. Producer focus should likely be on the fall months where we anticipate seeing record large pork production and potential slaughter capacity issues. While domestic demand appears to be strong, supplies of pork, chicken and beef are heavy and threaten to pressure prices lower, especially as US meat exports struggle against a very strong US Dollar. **Producers should consider covering half of their 2016 production at current prices, with a focus on the Sept-Dec timeframe.**

Canadian delivered soymeal prices opened even this morning. US soybean futures are trading lower. Expectations of large supplies, an uncertain demand picture and an improving weather situation in Brazil are factors contributing to the pressure this morning. It is likely, if Brazil weather remains cooperative for the most part, that production from the region could surpass 100 MMT, a new record. However, thoughts that Argentina is a bit too dry could keep the longer term downside in check if the recent dryness starts to impact yield estimates. Export inspections are slightly below the 5-year average, coming in at 63.1% compared to 65.2%.

US corn futures opened mixed this morning. The US corn trade is in a mixed and choppy trading pattern as uncertainty in the market starts to develop. Yesterday's announcement suggesting Chinese officials will let market forces determine the price of state stocks of Chinese corn could pressure the US trade. However, some questions over last year's imports are putting the 'large stockpile' argument under scrutiny. For example, there is evidence to suggest 27.7 MMT more corn was imported into China relative to 2015. However, Chinese end users have been known to import product when state subsidised corn prices are too high relative to cheaper global variants.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		153.75	151.34 159.10	161.04 168.81	173.60 191.69	192.98 199.45	192.96 200.81	181.72 197.41	167.34 173.88	164.11 166.03	142.53 159.98	144.47 150.93
Soymeal Wpg Delivered	439	439	439	442	442	446						
Corn	Local delivered price available on request											

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