



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 28, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
438,000	Wednesday
433,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$59.96
National	\$61.34
Iowa/S. MN.	\$59.96
Signature 3	\$154.34
Hylife	\$151.81
Thunder Creek	\$154.00
Sig 3 4-Month Fwd.	\$176.46
BoC Rate (Noon) prev. day \$1.4043 CAD / \$0.7121 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 continued their higher trend gaining more than \$1.50/cwt in some reporting regions yesterday. However, wholesale pork prices declined by \$0.80/cwt yesterday, with several of the primal cuts down more than \$1.00/cwt. The spread between cash bids and wholesale pork prices is at its tightest level so far in 2016 which could be a factor that may lead to packers slowing down their chain speeds. Adding further pressure are low by-product values, which are contributing half as much to packer operating margins as they did one year ago. Should wholesale pork prices experience another day of losses, traders may see it as a turning point and start selling out of the profitable long positions. Forward contract prices represent good value in the context of burdensome North American meat supplies, especially with the market's difficulty in expanding export sales due to the high US Dollar, an uncertain global economy and restrictions due to Avian Influenza. Producers should consider covering as much as half of their annual production for 2016 with a focus on the Sep-Dec timeframe.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower as of this writing. There are thoughts that the wetness in areas of Brazil, despite slowing harvest somewhat, has not had a negative impact on the soybean crop (unsurprisingly); in fact, there are reports yield results at harvest have been improving, increasing the likelihood of a 100 MMT production record. On the supportive side, technical short covering has so far provided some strength amid seasonal lows and there is talk that ongoing dryness in Argentina could help sustain some more support if yields start to come in lower than expected.

US corn futures opened lower this morning. Unexpected news hit the corn market this morning, following information that a drought in South Africa has not impacted crop production to the degree first thought. There was initial talk that the country might have to import 5 MMT to meet domestic needs. However, that number has been reduced by 2 MMT, influencing talk of more pressure ahead even as Grain SA (a South African industry group) qualified its release by saying the news is a preliminary forecast, subject to future changes. There is also news Chinese buyers have secured 1.2 MMT of corn for Q1 2016, but that it is mostly being sourced from the Ukraine.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		158.63	156.00 163.73	165.66 173.17	174.77 192.79	194.08 200.51	191.78 201.15	180.77 196.20	166.32 172.75	164.87 166.16	143.22 160.56	145.14 151.56
Soymeal Wpg Delivered	434	434	434	436	436	439						
Corn	Local delivered price available on request											

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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