



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 03, 2016

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

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

**Forward contract prices opened lower this morning.** US cash markets dropped \$0.50-\$0.75/cwt across all reporting regions yesterday, with downward pressure coming from a winter storm that slowed hog deliveries to 315,000 from 439,000 on Monday. The storm impacted all packers operating in the Midwest, with wind and a foot of snow being reported across the whole region. The storm is expected to have a similar impact on today's operations, with packers planning an expanded production schedule on the weekend to make up for lost hours. Lean Hog futures dropped sharply in trade yesterday, with most contracts losing more than \$1.00/cwt throughout the day. Traders have grown uneasy with the size of the premium that the spring and summer month contracts have offered over the cash markets, while expecting supplies of pork, beef and chicken will all be abundant. From a technical standpoint, there has been growing resistance to further gains, which has led some large speculators to start selling. Producers who have not yet pre-priced any of their 2016 production, should look at securing prices on as much as half of their planned deliveries, with a focus on the Sep-Dec timeframe.

**Canadian delivered soymeal prices opened lower this morning.** US soybeans are trading lower, likely on thoughts of large supplies and slow demand. Why 'likely'? There is little in the way of market moving news and very much in the way of conflicting stories in the ag press. For example, two trade publications today had differing thoughts on the weather situation in Argentina; one stating the weather "seems to be improving" and adding pressure with the other stating "more doubt...surrounds the Argentine crop" citing potential soil moisture deficits in the north providing support. What is known is that current global supplies and production expectations remain large at the same time global demand is relatively mild. The WASDE report will be released next Tuesday.

**US corn futures opened higher this morning.** US corn futures have found some support this morning largely on short covering activity sparked by some early suggestions that the US growing season could be negatively impacted amid the change from an El Nino event to a La Nina one. Typically, La Nina developments result in a lot of moisture in the early part of the season (potentially flooding fields and delaying planting) followed by a dry spell at approximately the same time critical pollination and development phases materialize. There is talk that a weather premium could be built into the market soon especially as evidence builds for La Nina.

US Slaughter	
315,000	Tuesday
437,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$60.80
National	\$64.19
Iowa/S. MN.	\$61.00
Signature 3	\$156.47
Hylife	\$158.23
Thunder Creek	\$156.63
Sig 3 4-Month Fwd.	\$175.02
<b>BoC Rate (Noon) prev. day</b> \$1.4040 CAD / \$0.7123 USD	
Cash Prices Week Ending January 30, 2016	
Signature 3	151.19/68.58
h@ms Cash	149.69/67.90
Hylife	152.55/69.20
Thunder Creek	145.50/66.00
ISO Weans	\$64.58 US Avg.
Feeder Pigs	\$72.82 US Avg.
#1 Export Sows (Tagged) \$46.00/cwt (+500lbs.)	

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		150.85 158.48	160.39 167.95	172.58 190.39	191.66 198.02	188.95 198.65	177.53 192.76	163.06 170.04	162.40 163.67	140.62 157.76	142.53 148.87
Soymeal Wpg Delivered	434	437	440	440	443	442					
Corn	Local delivered price available on request										

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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