



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 04, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened mostly lower this morning.

US cash markets were near steady in trade yesterday, with packers still dealing with the effects of the winter storm that swept through the Midwest earlier this week. The hog slaughter is down close to 175,000 hogs so far this week, with plant closures and cancelled deliveries due to poor road conditions. Most of the lost production is expected to be made up on the weekend by packers adding an extra shift. Wholesale pork prices were lower yesterday with ample supplies providing a cushion from the disruption in fresh pork production. Forward contract prices are continuing their lower trend, with weakness developing in Lean Hog futures, but the larger effect coming from a sharply higher Canadian Dollar. The Canadian Dollar has recovered to levels not seen for almost two months, which has had the effect of weakening cash and forward prices by about \$14/ckg over the last two weeks. Producers who have not taken price protection on 2016 production should consider current forward prices as good value given the expectation for heavy supplies of pork, chicken and beef.

Canadian delivered soymeal prices opened lower this morning.

Preliminary WASDE report estimates are starting to trickle out with most of the focus on demand side changes; the supply side is effectively set given that final acreage and yield estimates were essentially established a couple reports ago. Lower export numbers are expected in the February report meaning ending stocks could creep upward if domestic disappearance remains static. So far an increase of 30 million bu. to 470 million has been suggested at the high end on meagre demand; another private estimate comes in at 449 million, compared to the 440 million bu. estimate in the January report.

US corn futures opened higher this morning. Like the soybean trade, private estimates regarding the February WASDE report are beginning to materialize. And also like the bean trade, the ending stock estimates are coming in generally higher relative to the January numbers, a bearish influence if borne out. For now, estimates range between 1.752 billion and 1.947 billion bu. with an average of 1.815 billion. The January report came in at 1.802 billion for the month. Readers will note the lower range is below January figures. However, the likelihood of ending stocks coming in lower than January, while not entirely improbable, is remote given current fundamental news.

US Slaughter	
395,000	Wednesday
429,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$61.37
National	\$65.11
Iowa/S. MN.	\$61.43
Signature 3	\$155.76
Hylife	\$160.90
Thunder Creek	\$155.56
Sig 3 4-Month Fwd.	\$174.68
BoC Rate (Noon) prev. day \$1.3846 CAD / \$0.7222 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		150.87 158.40	160.86 167.75	172.26 189.81	191.06 197.33	188.17 197.95	176.86 191.87	162.60 169.48	161.97 163.27	140.04 156.93	141.92 148.17
Soymeal Wpg Delivered	425	428	430	430	434	432					
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.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

CALL CRYSTAL FOR MORE INFO 204-235-2225

LIGHT HOG PROGRAM!

ACCEPTING;
SOWS
BOARS
LIGHTS
MARKET HOGS