

# Hog Margin Outlook

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Monday, February 08, 2016

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

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

US Slaughter	
2.182 mil.	Last Week
2.259 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$62.22
National	\$65.39
Iowa/S. MN.	\$62.41
Signature 3	\$158.25
Hylife	\$157.96
Thunder Creek	\$158.38
Sig 3 4-Month Fwd.	\$180.46
<b>BoC Rate (Noon) prev. day</b> \$1.3876 CAD / \$0.7207 USD	
Cash Prices Week Ending February 6, 2016	
Signature 3	156.35/70.92
h@ms Cash	154.85/70.24
Hylife	158.56/71.92
Thunder Creek	152.90/69.35
ISO Weans	\$62.07 US Avg.
Feeder Pigs	\$76.53 US Avg.
#1 Export Sows (Tagged) \$46.00/cwt (+500lbs.)	

**Forward contract prices opened higher this morning.** US cash markets are higher to start the week following last week's trend of increased packer bids as a result of a winter snow storm in the Midwest that temporarily reduced slaughter capacity due to logistics complications. It is estimated that the Saturday kill was 200,000, a higher than normal processing rate, as packers attempted to make up for the lost days. All reporting regions are higher with most of the strength showing up in ISM and WCB reporting regions. There is talk that some softness in the cash markets could develop early this week as transportation returns to normal and supply becomes more readily available, largely a function of some backing-up of hogs during the storm. Lean hog futures contracts are called steady to higher amid talk that the funds are still active buyers ahead of the Easter weekend and on steady demand further out. However, there are thoughts that after the Easter demand subsides, futures markets could see some softness heading into mid-Q2 until the seasonal rally. Producers without protection are encouraged to analyse their cash flow requirements in the current timeframe considering spread relationships are still quite good, with some further premium coming from the relatively low Canadian dollar.

**Canadian delivered soymeal prices opened higher this morning.** The February WASDE report will be released mid-trade tomorrow (noon, Central) and while the market is awaiting fresh fundamental news, the February report typically isn't a huge market mover. The market has likely already priced in current pre-report estimates meaning that only a divergence from expectations would be expected to have an influence. However, despite some recent positive demand news, overall demand has been relatively meagre and USDA reports have been known to include surprises. A private range of ending stocks estimates is between 425 and 470 million bu. with thoughts anything above 470 will trigger a move lower.

**US corn futures opened lower this morning.** As with the bean trade, corn traders are awaiting fresh numbers from the USDA which will come out tomorrow. US corn has been under a bit of pressure fundamentally and technically; there are even thoughts US corn could have recently reached a short term 'high' if it hasn't done so already. Although the trade has yet to break below the psychological \$3.50 USD/bu. level, there are thoughts it could be breached if US ending stocks come in higher than 1.852 billion bu. (and large S. American production becomes realized on decent weather). Current pre-report carryout estimates are between 1.752 and 1.852 billion bu.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		157.42 162.54	164.46 171.73	176.83 192.15	193.42 199.80	191.41 200.44	179.54 194.86	167.40 173.79	165.89 167.17	143.62 160.84	145.54 151.91
Soymeal Wpg Delivered	425	428	431	431	435	434					
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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