



# Hog Margin Outlook

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Tuesday, February 09, 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 continued to show some strength as packers continue to pad their cash bids in order to catch up on production from disruptions due to last week's snowstorm. Monday's slaughter came in at 371,000 hogs, 10.2% lower than last year's 409,000 (and last Monday's 439,000) suggesting that the logistics issues have not been completely resolved. The result is a bit more strength in cash bids at precisely the same time some of the Easter demand materializes. Lean hog futures came under some pressure by the trading day's end, posting losses averaging \$0.50 USD/cwt across all offered contracts and are trading lower again this morning. The production disruption is not an indication of a larger trend and with large hog supplies expected, coupled with increased supplies of competing meats (and less than stellar export numbers), there are thoughts that a post Easter seasonal cash lull may be on the horizon. In any event, the lower Canadian dollar continues to provide producers on this side of the border with some additional premium; March crude futures closed below \$30 USD/bbl. yesterday and have remained under \$30 to start the session today which could put some pressure on the Canadian dollar.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are higher as traders take positions ahead of the WASDE report released today. Pressure factors include decent S. American weather and even talk that some drying patterns in Brazil will allow farmers to quicken the harvest pace. Carnival is in full swing in Brazil, but while Carnival won't likely disrupt harvest, it will slow down commerce and normal business activity somewhat. The WASDE report will be released at 11:00AM Central; all eyes will be on the demand side where the current range of carryout estimates is between 425 and 470 million bu.

**US corn futures opened lower this morning.** Like beans, there is more fundamental pressure than support evidenced by the trade opening lower to start today's session. Regardless, traders will be keeping a close eye on the WASDE report demand numbers where current estimates range between 1.752 and 1.852 billion bu. in carryout. As well, there is talk that large commercial traders have added to short positions, suggesting farmer selling is a bit more active. Quiet Asian markets will remain closed for the week as Lunar New Year celebrations take place in the region.

US Slaughter	
371,000	Monday
409,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$62.33
National	\$65.48
Iowa/S. MN.	\$62.89
Signature 3	\$159.05
Hylife	\$159.92
Thunder Creek	\$160.12
Sig 3 4-Month Fwd.	\$176.58
<b>BoC Rate (Noon) prev. day</b> \$1.3921 CAD / \$0.7183 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)	\$51.50/cwt (+500lbs.)

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		152.66 157.73	159.63 167.10	173.69 188.89	190.16 196.49	188.71 197.12	177.57 192.76	164.66 171.62	163.91 165.17	140.93 158.01	142.83 149.16
Soymeal Wpg Delivered	420	423	425	425	429	430					
Corn	Local delivered price available on request										

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

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