



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 10, 2016

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

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

US Slaughter	
422,000	Tuesday
431,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$62.88
National	\$66.09
Iowa/S. MN.	\$63.08
Signature 3	\$159.29
Hylife	\$161.93
Thunder Creek	\$159.40
Sig 3 4-Month Fwd.	\$176.64
BoC Rate (Noon) prev. day \$1.3820 CAD / \$0.7236 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.)	

Forward contract prices opened mixed this morning. US cash markets continue to show some strength with all regions reporting gains over the previous session; ISM, WCB and National (previous day) regions were higher by \$0.19, \$0.55 and \$0.61 USD/cwt respectively. However, market chatter suggests that the ongoing strength is, at least, in part a function of logistics and weather related slaughter reductions over the past couple days. Analysts also note a drop in hog weights suggesting producers are current with marketings. Lean hog futures are trading in a choppy pattern but were showing some strength early this morning. The WASDE report also had some information for the livestock markets, showing an increase of 70 million lbs. of pork and "modest growth" of 3.7% in pork exports. What stands out, however, is the assertion the US market will need to consume 5.6 billion lbs. of all red meats (a 7% increase over 2014 levels) to support prices over the year. Local producers should be mindful that despite rumors of market opportunities, the official numbers indicate a bearish market in the later quarters out to the end of the year.

Canadian delivered soymeal prices opened lower this morning. As expected, no changes in the balance sheet to supply factors materialized in yesterday's WASDE report and only minor changes in demand were evident. Carryout was increased by 25 million bu., pushing the stocks to use ratio up 0.3% to 12.16%, considered to be an indicator of price pressure ahead. However, the largest price mover for Canadian producers has been the Canadian dollar, which has recently uncoupled from the energy trade, instead getting a boost from a lower USD. The move follows uncertainty related to policy talks in the US where the Federal Reserve Chair is expected to testify to Congress on Wednesday and Thursday.

US corn futures opened lower this morning. Like the WASDE report for beans, the market considers the recent adjustment to the February corn report to be only minor. Ending stocks were raised by 35 million bu., taking the February estimate to 1.837 billion bu. and pushing the stocks to use ratio to 13.56%. The US corn market continued its decline following the news, but still has yet to break the psychological \$3.50 USD/bu. level. There is not much in the way of support in the short term and talk that short term rallies should likely be treated as selling opportunities.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		152.84 157.91	159.82 167.43	173.52 188.75	190.02 196.36	188.95 196.99	177.58 192.80	164.39 171.37	163.76 165.25	140.69 157.84	142.59 148.94
Soymeal Wpg Delivered	418	421	424	424	428	427					
Corn	Local delivered price available on request										

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