



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 11, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets came in mixed across the reporting regions with ISM and WCB showing some support while the National region (previous day) came under some pressure. The gains/losses didn't amount to much as differences were not greater than \$0.25 USD/cwt indicating the market is attempting to deal with some changing dynamics. Despite the colder temperatures forecast for central Canada, a warming trend is expected in much of the Midwest leading to talk of increasing supplies and the possibility of some pressure on cash prices; however, hog weights suggest producers are current with their marketings. Lean hog futures have come under sustained pressure over the last couple sessions and there is talk that the shift downward could lead to some significant selling if the increase in open interest is an indication. Technical indicators are now showing the possibility of some further weakness ahead, especially with the larger than average cash/futures spreads. There is talk that the April contract came under extra pressure yesterday after passing through a key support level and triggering stop-loss orders. In any event, current forward contract prices still represent good value for producers, helped along by the Canadian dollar that is hovering around 71.7 cents this morning.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher a reversal from the recent trend lower. New private projections are starting to come out regarding weather patterns; at least one is suggesting a relatively normal spring will likely be followed by a drier summer as the weather patterns shifts from El Nino to La Nina, but talk that the plains should fare better. Despite this, a bullish forecast is not an inevitable result and weather related events will likely be priced in as they materialize. Large global stocks and mild increases to carryout numbers in the Feb WASDE are keeping any upside in check.

US corn futures opened mixed this morning. US corn, like beans, has reversed its downward trend this morning but support is thought to be a function of technical positioning. There is evidence of an increase in open interest but some disagreement whether or not this is due to new short positions, or traders attempting to pick a position ahead of weather uncertainties for the US planting season. The USDA will hold their annual outlook conference at the end of February, providing the market with some direction ahead of the planting intentions and the 'new crop' WASDE report that is published in May.

US Slaughter	
437,000	Wednesday
431,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$63.04
National	\$66.04
Iowa/S. MN.	\$63.15
Signature 3	\$161.40
Hylife	\$160.64
Thunder Creek	\$161.32
Sig 3 4-Month Fwd.	\$176.64
BoC Rate (Noon) prev. day \$1.3968 CAD / \$0.7159 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		152.15 157.26	159.18 166.76	173.09 188.43	189.71 196.09	187.80 196.73	176.51 191.80	164.15 171.16	163.47 164.74	140.28 157.48	142.19 148.56
Soymeal Wpg Delivered	419	421	425	425	429	429					
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