

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 12, 2016

For details call: (204)235-2237 or visit www.hamsmarketing.ca

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

US Slaughter	
435,000	Thursday
434,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$63.60
National	\$66.49
Iowa/S. MN.	\$63.64
Signature 3	\$162.39
Hylife	\$163.46
Thunder Creek	\$162.13
Sig 3 4-Month Fwd.	\$176.64
BoC Rate (Noon) prev. day \$1.3930 CAD / \$0.7179 USD	
Cash Prices Week Ending February 13, 2016	
Signature 3	160.08/72.61
h@ms Cash	158.58/71.93
Hylife	161.49/73.25
Thunder Creek	157.10/71.26
ISO Weans	\$62.07 US Avg.
Feeder Pigs	\$76.53 US Avg.
#1 Export Sows (Tagged) \$51.50/cwt (+500lbs.)	

Forward contract prices opened higher this morning. US cash hogs are starting the day lower after trading an average of \$0.60/cwt higher across all trading regions Thursday as processors are expecting hog deliveries to resume to normal patterns now that warmer weather has returned to the U.S. Midwest. Hog slaughter totaled 435,000 head yesterday, on par with year ago levels; however, the week to date total of 1.646 million head is still 3.5% below last year's levels. The weekly total, which would include a large Saturday kill, is expected to tally near 2.25 million head. Cutout values were sharply lower yesterday with the ham primal incurring the largest losses, an indication that processors likely have their Easter procurement needs already in the system. Packer operating margins are currently estimated at \$28.00/head in the black, their lowest level in a while. Carcass weights for the week ending February 5th were reported at 285.5 lbs., 0.6 lbs. lower than the previous week and 2 lbs. lighter than last year. The nearby Canadian dollar is starting the day 32 basis points higher than yesterday's close, trading around 71.8 cents U.S. at the start of the session.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are finishing off the week lower, diverging from the strength seen in yesterday's trade. With a bearish fundamental outlook, no real weather concerns in S. America and meagre global demand, yesterday's support appears counterintuitive. However, there is talk that technical trades and activity in peripheral markets are factors sparking some short-term support amid the lows. There is also a 'risk-off' sentiment in the market with many spec traders sitting on the sidelines and taking a wait and see approach. Longer term support is not expected, unless weather or trade disruptions materialize.

US corn futures opened lower this morning. Like beans, the US corn futures have turned lower to finish the week following a brief episode of support that was largely a function of technical positioning. To be sure, there is still talk of more technical recovery in the short term, but the picture further out becomes less clear. Some preliminary estimates ahead of the USDA's outlook conference are starting to trickle out indicating 5% above trend line yields would result in record production while 5% below trend line yields could result in an 8.3% stocks to use ratio, the third tightest carryout in 43 years.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		154.62 159.72	161.63 169.35	175.13 190.43	191.70 198.08	192.51 198.71	178.59 193.92	166.71 173.10	165.04 166.31	141.72 158.92	143.63 150.00
Soymeal Wpg Delivered	418	421	425	425	429	429					
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

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h@ms Marketing Services will be **closed Monday, February 15** due to Louis Riel Day in Manitoba. Forward contracting will be closed; the Hog Margin Outlook and opening price reports will likewise not be distributed. Normal business resumes on Tuesday, February 16.