



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 18, 2016

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

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Hog Prices: ↑ ↓ Soymeal: ↓

Corn: ↓ CDN Dollar: ↑

US Slaughter	
438,000	Wednesday
424,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$64.51
National	\$66.82
Iowa/S. MN.	\$64.70
Signature 3	\$161.81
Hylife	\$163.00
Thunder Creek	\$161.92
Sig 3 4-Month Fwd.	\$180.42
<b>BoC Rate (Noon) prev. day</b> \$1.3684 CAD / \$0.7308 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	\$62.26 US Avg.
Feeder Pigs	\$74.48 US Avg.
#1 Export Sows (Tagged) \$49.50/cwt (+500lbs.)	

**Forward contract prices opened mixed this morning.** US cash markets were up sharply yesterday, reversing the trend of a slow erosion in packer bids that was experienced for the previous 3 days. Hog slaughter is on pace for approximately 2.3 million hogs, but the trend in carcass weights appears to show that producers are pulling animals ahead of schedule suggesting that numbers will tighten in the weeks ahead. This would match up reasonably well to the idea that there is a 'hole' in the spring hog supply caused poorer conception rates and smaller litter sizes last summer. Breeding operations using a specific boar semen extender reported a significant decline in pigs born last fall and they attribute this 'hole' in production to this product. While the issue remains difficult to quantify, many analysts expect a reduction in market hog supply over the next 3 months relating to this issue. Due to this expectation, producers should shift their risk management focus to the Sep-Dec timeframe when this issue will have run its course and hog supplies will be abundant and growing.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower. The past couple sessions have seen some short covering activity, providing support. However, the fundamental picture for beans remains bearish and there is news drier weather in S. America is allowing the harvest to progress, although some rain forecast for Brazil could factor in slowing the pace somewhat. The oil market is seeing some support as dryness in Indonesia is starting to impact production, now down for the fifth month in a row. There is talk that some of the speculative traders holding large short positions could become a bit nervous if the trade has reason to bounce from recent lows but, there is just as much chatter suggesting support levels could be broken soon.

**US corn futures opened lower this morning.** There are thoughts that corn traders could be sitting on the sidelines until some certainty returns to the trade. The big 'if' at this point regards the as-yet-unknown strategy that the Chinese government will use in dealing with its massive state corn stocks, some of which are aging and may be unfit for certain types of processing. However, there is a rumor that they may earmark some of the stockpile for ethanol producers. Interesting that Chinese ethanol producers now use a fair amount of US corn in domestic ethanol production. In any case, extra supplies will pressure the trade as producers attempt to find buyers in a crowded marketplace.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		158.41 162.18	164.06 171.57	174.08 189.14	190.39 196.67	187.17 197.30	175.41 190.42	161.52 168.40	160.98 162.23	138.58 155.48	140.45 146.71
Soymeal Wpg Delivered	413	416	419	419	423	422					
Corn	Local delivered price available on request										

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HWY #6 AND RD 236

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