



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 19, 2016

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

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

US Slaughter	
437,000	Thursday
431,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$63.38
National	\$67.08
Iowa/S. MN.	\$64.01
Signature 3	\$159.40
Hylife	\$161.55
Thunder Creek	\$160.63
Sig 3 4-Month Fwd.	\$177.15
BoC Rate (Noon) prev. day \$1.3721 CAD / \$0.7288 USD	
Cash Prices Week Ending February 20, 2016	
Signature 3	160.75/72.92
h@ms Cash	159.25/72.24
Hylife	n/a
Thunder Creek	160.80/72.94
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 are expected to finish the week steady to slightly lower than week ago levels, the first time the market has experienced a week over week setback so far in 2016. Hog numbers have been ample for the last two weeks, possibly due to producers marketing animals ahead of their normal schedule as reflected by the lower carcass weights. Hog supplies typically tighten by 4-5% over the next 3 months, but this year could result in a more variable trend due to a rumored reduction in conception rates 7-10 months ago. Trade scuttlebutt is that there was problem with a product designed to extend the life of boar semen used for artificial insemination could result in fewer market hogs delivered in the March – June timeframe. This may be a factor in the recent cash market weakness, as packers are planning for tighter supplies in the coming weeks. Producers who have not yet priced a significant portion of their 2016 production should focus on covering the Sep-Dec timeframe through the use of targets over the next 2 months while cash market volatility may present improved hedging opportunities.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower. South American bean production continues to pressure the trade based on new numbers coming out. Buenos Aires Grains Exchange pegs Argentine production at 58 MMT, in line with expectations; the USDA has raised the estimate from 57 to 58.5 MMT and there is some talk that even 60 MMT is possible. For Brazil, there is still talk of 100 MMT, a large figure that has been touted previously. Weather remains non-threatening and the rain that has materialized is currently benefitting crops in development stages. Bean export sales came in at 567,000 MT, slightly above average expectations and meal export sales of 111,400 MT were slightly below average expectations.

US corn futures opened higher this morning. Support in the US corn trade this morning is staying true to its choppy pattern this week, following some pressure yesterday. Export sales have provided some of the support observing a slightly higher than expected 1,050,700 MT being registered; initial estimates were for sales to come in between 600,000 and 1,000,000 MT. Strength in the energy markets have provided some residual support and ethanol data shows slightly higher production than last week (0.62%) and last year (1.14%). Lack of substantive demand elsewhere, however, continues to loom over the trade and uncertainty regarding the release of large Chinese state stocks is adding an element of uncertainty.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		152.74 156.54	158.44 165.97	171.92 187.11	188.38 194.71	186.53 195.34	175.27 190.45	162.87 169.83	162.19 163.45	139.92 157.00	141.82 148.15
Soymeal Wpg Delivered	419	420	422	422	426	426					
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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