



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 22, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
2.294 mil.	Last Week
2.274 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$63.19
National	\$67.08
Iowa/S. MN.	\$63.44
Signature 3	\$159.85
Hylife	\$161.99
Thunder Creek	\$160.10
Sig 3 4-Month Fwd.	\$177.15
<b>BoC Rate (Noon) prev. day</b> \$1.3801 CAD / \$0.7246 USD	
Cash Prices Week Ending February 20, 2016	
Signature 3	160.75/72.92
h@ms Cash	159.25/72.24
Hylife	162.22/73.58
Thunder Creek	160.80/72.94
ISO Weans	\$60.35 US Avg.
Feeder Pigs	\$76.48 US Avg.
#1 Export Sows (Tagged) \$49.50/cwt (+500lbs.)	

**Forward contract prices opened lower this morning.** US cash markets turned lower last week, the first time in 2016, as cash bids were reported to be down near \$63.00/cwt in most USDA reporting regions. The weekly slaughter was estimated at 2.294 million hogs, or approximately 1% larger than year ago levels. Over the next two months there are two opposing forces in the market that may result in increased price volatility but overall maintain a near-steady trend:

1. **Seasonality** - which typically has prices soften after Easter demand has been met despite slightly lower supplies, versus
2. **Marketing Hole in Production** – a significant reduction in the number of market hogs related to a rumored problem with a semen extender which led to poorer conception rates/litter sizes experienced last summer/fall which could last until June.

Lean Hog futures opened slightly lower this morning with weaker cash market fundamentals and bearish technical indicators contributing to the declines. Producers still looking to add price protection on their 2016 production should focus on the last half of the year, where production is expected to be burdensome to prices.

**Canadian delivered soymeal prices opened mixed this morning.**

US soybean futures are trading higher to start the week in the face of bearish fundamental indicators in the mid-term. Today's support is a function of some recovery in peripheral markets such as energy as well as some logistics hiccups and weather concerns in S. America. Ongoing port lineups at Brazil (a seasonal issue) are bottlenecking the supply pipeline and there is talk that the previously talked about beneficial rain in Argentina has resulted in some flooding problems in areas. Generally though, record production from S. America and meagre export demand for US product means outlooks are indicating further price pressure is likely ahead.

**US corn futures opened higher this morning.**

US corn futures are also seeing some support this morning, largely on the strength in outside markets. Like the soybean trade, fundamentals look bearish further out (albeit somewhat less so than soybeans); there are a lot of 'if's' that have to be realized in order for the market to be considered decisively bearish, principle among them, good yields from the safirinha corn crop in Brazil and the next growing season in the US. A weather premium will likely develop once US seeds are in the ground. Export demand remains relatively weak and cumulative sales are 12.4% off the 5-year average pace.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		153.64	155.52 163.01	169.64 184.67	185.92 192.18	184.87 192.81	174.03 189.05`	160.70 167.59	160.08 162.42	139.10 156.12	140.99 147.29
Soymeal Wpg Delivered	420	422	422	426	426	424					
Corn	Local delivered price available on request										

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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