



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

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 23, 2016

For details call: (204)235-2237 or visit  
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**Forward contract prices opened higher this morning.** US cash markets moved sharply lower yesterday, with most regions reporting a \$1.60/cwt drop from Friday's price. This most recent drop confirms a trend change that leaves cash markets at their lowest level since the first week of February. Packers are readying their buying program for a period of tighter hog supplies which could lead to a more competitive market than is typically experienced at this time of year. However, competition from beef and poultry remains fierce as they continue to experience growth in supply and attempt to gain domestic market share while export sales remain relatively slow. A high US Dollar has put US meat protein at a competitive disadvantage which can only be resolved by lower meat prices or a change in the currency trend to lower values. Producer profitability for 2016 looks positive due to the lower feed and energy costs, but producers should secure a portion of their production, especially in the 4th Quarter to mitigate the uncertainty related to heavy pork and meat supplies.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower following initial strength on Monday. There is some new and conflicting news that could cause a bit of uncertainty in the near term. Yesterday, there were reports of localized flooding in Argentina, but today, all the talk is of drier forecasts that could influence price pressure further out. As well, some preliminary US planting estimates are starting to come out for 2016/17 from the private sector. A well-known trading and analytics firm has suggested close to 83.3 million acres could be planted, up from 82.7 last year and within current 82-85 million acre estimates elsewhere.

**US corn futures opened lower this morning.** Bearish realities are developing for the US corn trade exacerbated by some new challenges that have recently materialized. Demand remains weak and export inspections, while higher than the weekly estimates, are 9.4% off the 5-year average pace. The uncertainty around how the Chinese will market their state stocks of corn is creating uncertainty, but whether or not those supplies go to feed, ethanol, or something else, global price pressure is likely to be the result. There is talk that the Philippines and Thailand have tendered feed wheat (as opposed to corn) for use in feed.

US Slaughter	
437,000	Monday
430,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$61.67
National	\$66.90
Iowa/S. MN.	\$61.78
Signature 3	\$154.70
Hylife	\$162.49
Thunder Creek	\$154.63
Sig 3 4-Month Fwd.	\$179.40
<b>BoC Rate (Noon) prev. day</b> \$1.3685 CAD / \$0.7307 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)	\$49.00/cwt (+500lbs.)

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		155.62	157.51 165.22	172.73 187.89	189.15 195.47	188.04 196.10	177.48 192.64	163.39 170.35	162.56 163.82	139.58 156.63	141.48 147.79
Soymeal Wpg Delivered	414	416	417	417	421	420					
Corn	Local delivered price available on request										

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HWY #6 AND RD 236

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