



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 25, 2016

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

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

US Slaughter	
415,000	Wednesday
405,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$64.29
National	\$67.09
Iowa/S. MN.	\$64.54
Signature 3	\$162.22
Hylife	\$162.86
Thunder Creek	\$162.50
Sig 3 4-Month Fwd.	\$181.29
<b>BoC Rate (Noon) prev. day</b> \$1.3766 CAD / \$0.7264 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.)	

**Forward contract prices opened mixed this morning.** US cash markets moved higher in trade yesterday as a winter storm moving through the east left some packers short of supplies to meet a full production schedule. It appears as though the cash market is moving through a transition phase, with packer bids showing increased volatility, hog carcass weights starting to climb and hog numbers trending lower. Wholesale pork prices have struggled to maintain bullish momentum which undermines the confidence of packers to bid the market higher. Lean Hog futures are trading lower to start the day, with traders unwilling to add value to the nearby contracts while pork prices are unable to make gains. Forward contract prices are seeing weakness not only from Lean Hog futures, but also from a stronger Canadian Dollar which has climbed to its highest level since December 10th, 2015. Producers without forward protection in the Sep-Dec timeframe should still consider current prices as good value, given the expectation of record large hog and pork production in the context of abundant beef and chicken supplies.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower as of this writing, but a choppy and two-sided session is expected. The USDA is having its Agriculture Outlook Forum in Arlington, Virginia over the next two days and while information on grains is not expected until the Friday session, the private average expectation is coming in at 83.3 million, a figure that is second highest among the January WASDE report numbers in over 7 years. However, there is talk that a reduction in production between 5% and 7% for all crops could materialize if the transition from an El Nino to La Nina event negatively develops. Timing will be critical as too much wet or dry weather at the wrong times will impact production.

**US corn futures opened lower this morning.** Like other grains this morning, US corn futures are lower to start the session. And like other grain traders, hedgers and speculators alike will have to wait until tomorrow to hear the preliminary estimates on US crop acreage and production from the USDA. The news will be welcomed in the trade but should be interpreted with a degree of caution. Typically, this event uses a trend line yield that assumes normal weather patterns. However, this year's El Nino event was particularly strong and there is talk that the transition out of it could be unpredictable. For now, pre-forum estimations are coming in between 88.5 and 91.0 million acres, about the second lowest acreage in that past 5 years even at the highest number.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		160.74	162.61 170.09	174.38 189.35	190.60 196.84	187.89 197.46	176.27 191.26	161.79 168.66	161.01 162.26	138.23 155.07	140.10 146.34
Soymeal Wpg Delivered	407	408	411	411	415	415					
Corn	Local delivered price available on request										

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

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