



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 26, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets are finishing the week higher than where they started, but packers are expected to protect their operating margins, as wholesale pork prices have coming under pressure. Ham prices have another week of support coming from wholesalers building inventory ahead of Easter, but stocks are already record high for this time of year which could be a factor in moderating the seasonal support. This week's slaughter is expected to come in well under the recent trend of near 2.28 million hogs, as a winter storm delayed hog marketings in the Eastern Corn Belt for a couple of days this week. Hog numbers are expected to tighten more than is typical for this time of year, as a modest 'hole' in marketings is anticipated due to lower conception rates experienced last summer resulting from a semen extender that had a negative impact on the subsequent pig crop. Lean Hog futures are trading lower this morning, reflecting concern over wholesale pork market fundamentals. However, prices for the last half of the year still represent good value given current projections for abundant and heavy supplies of hogs in this timeframe. Producers should look at covering as much as 50% of their intended production at current prices to ensure profitable operations for the entire year.

Canadian delivered soymeal prices opened lower this morning. US soybean futures have failed to make any significant gains despite some otherwise bullish news coming from the USDA's Agriculture Outlook Forum. Both acreage and yield are pegged lower than last year; yield is at 46.7 bpa (48 bpa last year) and expected acreage is coming in at 82.5 million acres (down from the 83.3 million average trade estimate and 82.7 million last year). Considering this, total production can be calculated at 3.852 billion bushels, the second highest production number going back to 2010. Coupled with meagre economic outlooks for at least another year, the bearish tone is not so surprising. 2015 carryout is estimated to be 10 million bu. lower at 440 million bu., compared to the current 450 million WASDE report estimate.

US corn futures opened lower this morning. Like soybeans, the US corn trade has yet to develop any substantial strength. Forum numbers suggest that ending stocks for 2016/17 will be higher, currently estimated at 1.977 billion bu. compared to the 1.837 on record for this year. Trade expectations had suggested 1.890 billion as an average estimate. Assuming normal weather, the USDA has so far pegged yield at 168 bpa, but as is becoming clearer, anything but normal weather patterns are being talked about in the trade following the exit of this year's El Nino event. The USDA has suggested 90 million acres for next season's acreage estimate, coming in at the higher end of expectations.

US Slaughter	
388,000	Thursday
424,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$64.83
National	\$67.16
Iowa/S. MN.	\$64.42
Signature 3	\$161.32
Hylife	\$162.71
Thunder Creek	\$162.42
Sig 3 4-Month Fwd.	\$178.69
BoC Rate (Noon) prev. day \$1.3575 CAD / \$0.7366 USD	
Cash Prices Week Ending February 27, 2016	
Signature 3	159.53/72.36
h@ms Cash	158.03/71.68
Hylife	n/a
Thunder Creek	161.20/73.12
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		157.23	159.10 166.57	171.66 186.57	187.81 194.02	184.88 194.64	173.61 188.47	159.32 166.13	158.59 159.83	136.12 152.82	137.98 144.16
Soymeal Wpg Delivered	403	404	408	408	412	412					
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

CALL CRYSTAL FOR MORE INFO 204-235-2225

LIGHT HOG PROGRAM!

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS