



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 29, 2016

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

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

US Slaughter	
2.211 mil.	Last Week
2.259 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$62.41
National	\$67.19
Iowa/S. MN.	\$63.50
Signature 3	\$154.97
Hylife	\$160.53
Thunder Creek	\$157.33
Sig 3 4-Month Fwd.	\$181.94
BoC Rate (Noon) prev. day \$1.3547 CAD / \$0.7382 USD	
Cash Prices Week Ending February 27, 2016	
Signature 3	159.53/72.36
h@ms Cash	158.03/71.68
Hylife	162.03/73.50
Thunder Creek	161.20/73.12
ISO Weans	\$56.04 US Avg.
Feeder Pigs	\$77.72 US Avg.
#1 Export Sows (Tagged) \$49.00/cwt (+500lbs.)	

Forward contract prices opened mixed this morning. US cash markets were sharply lower Friday losing all they had gained earlier in the week, with cash bids down as much as \$2.60/cwt in some regions. The Western Cornbelt's Friday afternoon average of \$62.41 was its lowest level in 3 weeks. Last week's slaughter was estimated 2.211 million hogs, approximately 2% smaller than the same week one year ago, but saw influence from a winter storm that impacted producer marketings. The expectation is for hog slaughter to run near 2.2 million hogs over the next 2 weeks with a modest 'hole' in live supplies developing within the month. The dip in supplies is expected due to poor conception rates experienced last summer, resulting from a product that impacted the efficacy of boar semen used at some operations which artificially inseminate their sows. Lean Hog futures are starting this week lower, pressured by the weaker cash market fundamentals. Summer month contracts are trading within \$1.00/cwt of their contract highs, and have had trouble breaking through this resistance over the last month. However, producer focus should likely be on the fall timeframe where price risk is its greatest due to the heavy supplies that are anticipated and the possibility of the hog numbers exceeding slaughter capacity.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower and there are a number of factors contributing that could result in some sustained pressure further out. Of course, that is not to say that support will not return to the complex, and it is almost certain that some strength will return mid-summer when weather could still impact yield and the harvest is weeks away. However, the outlook continues to suggest that export competitiveness will increase amid healthy production in S. America and another good year for US producers assuming 'normal' weather and minimal impact from the exit of El Nino. For the most part, S. American weather remains cooperative.

US corn futures opened lower this morning. Now that the USDA has come out with some preliminary estimates (following the Outlook Forum), the analyses are starting to trickle out. The general consensus is that the corn trade will likely see more price pressure this season than not. For starters, US farmers are expected to plant 90 million acres, 2 million more than last year citing expectations of lower fertilizer costs and an expectation of the competitive advantage of corn relative to other feed inputs. Yield estimates for now generally are above trend line at 168 bpa (against a 164 bpa trend), but that could change quickly over the course of the growing season, especially since the shift out of El Nino is expected to be strong.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			158.33 165.15	171.47 186.34	187.58 193.77	188.35 194.39	174.67 189.54	159.92 166.74	159.19 160.43	136.53 153.25	138.39 144.58
Soymeal Wpg Delivered	400	405	405	405	409	409					
Corn	Local delivered price available on request										

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