



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 01, 2016

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

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

US Slaughter	
404,000	Monday
431,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$62.28
National	\$67.27
Iowa/S. MN.	\$62.96
Signature 3	\$154.38
Hylife	\$160.39
Thunder Creek	\$155.71
Sig 3 4-Month Fwd.	\$181.28
BoC Rate (Noon) prev. day \$1.3523 CAD / \$0.7395 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)	\$42.00/cwt (+500lbs.)

Forward contract prices opened mixed this morning. US cash prices made a modest recovery from Friday's collapse, regaining about \$0.50/cwt in most regions. The daily slaughter was estimated at 404,000 yesterday, close to 25,000 fewer than the average daily slaughter for February. While a 'hole' in production is anticipated by many market participants, yesterday's drop is likely an anomaly that will be made up later this week. Lean Hog futures are still in a holding pattern, within \$1.00/cwt of contract highs, but showing no signs that they can break through this resistance. The market will start to focus its attention on the latest export numbers which are expected to be released early next week. The weekly data suggest that exports to China have improved, while sales to Mexico (the largest market for US pork by volume) have been sluggish so far in 2016. The stronger Canadian Dollar has been the largest factor impacting forward contract prices by virtue of the 6 cent rally it has made over the last 40 days. The move in our currency has taken nearly \$15/pkg out of cash and forward prices over this timeframe, more than offsetting the appreciation in US hog prices.

Canadian delivered soymeal prices opened higher this morning. The US soybean complex is trading higher this morning on talk of a technical bounce as the fundamental picture is still very much bearish. Adding to the support is rain in S. America providing some further rationale for the move. However, S. American weather in general has been very cooperative and both Argentina and Brazil are reporting (anecdotally) of better than expected yields at this point in the harvest. Further pressure comes from S. American currency values, and there is further talk that producers should be motivated to sell immediately instead of hanging on to production as a currency hedge. The trade is called 'range-bound' for the next couple weeks until some more concrete weather analysis can be conducted.

US corn futures opened lower this morning. Unlike the soybean trade, US corn continues to be caught in a bearish trajectory. There is talk that the move lower could start to influence some export interest amid the lows; but although prices are relatively low, corn has yet to breach the \$3.50 USD/bu. level, a level at which many see renewed interest in buying from the US. As always, however, the US trade does not operate in a vacuum, and there is talk of large supplies ahead, even though the Brazilian safrinha crop (2nd crop) got off to a relatively slow start. In any event, S. American supplies are currently at a competitive advantage in part from currency values, and corn harvest will be in full swing soon.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		157.40 164.19	171.10 185.91	187.14 193.31	184.97 193.93	174.16 188.96	159.85 166.64	159.47 160.71	136.82 153.50	138.67 144.85
Soymeal Wpg Delivered	406	406	406	410	410	412				
Corn	Local delivered price available on request									

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