



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 02, 2016

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

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

US Slaughter	
437,000	Tuesday
433,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$63.37
National	\$67.31
Iowa/S. MN.	\$63.92
Signature 3	\$155.73
Hylife	\$160.19
Thunder Creek	\$156.73
Sig 3 4-Month Fwd.	\$181.28
<b>BoC Rate (Noon) prev. day</b> \$1.3407 CAD / \$0.7459 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 markets are trading near steady as another round of winter storms are impacting market hog deliveries. For the first half of this week, winter storms moving through the southern and eastern portions of the Midwest led some packers to reduce their daily hog slaughter, with the week-to-date total down an estimated 30,000 hogs. Wholesale pork prices have been weak, losing \$2.50/cwt over the last month and packers have stayed disciplined to their buying program in order to keep their operating margins from sliding into unprofitable territory. Lean Hog futures are struggling to make and hold gains over the last month. In fact, the June Lean Hog futures traded within \$1.00/cwt of their contract highs (established last fall) 16 out of the last 20 days without breaking through this resistance. With heavy selling pressure established at current price levels in the June, July and August contracts, producers who have not covered some of summer month production should consider covering up to 50% of their production in this timeframe at current prices.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading lower with only mildly supportive news for oil in the near term. There has been some recent rain in Argentina (heavier in certain areas than others), but the general consensus is that the moisture has not significantly damaged crop development and now that some drier weather is forecast, harvest activity is expected to ramp up. Anecdotally, it is reported that S. American yields are generally better than expectations so far. Cited as evidence suggesting increasing competition from S. America is news that Brazil exported 2.036 MMT of beans in February, up from 394,431 MT last month and 868,658 MT last year.

**US corn futures opened lower this morning.** Choppiness, followed by more pressure, is called for the US corn trade in the near term. Fundamentals remain bearish, but the technical chart that shows the trade in an oversold position (the relative strength index (RSI) is under 30, the benchmark oversold indicator), suggesting some support could develop. However, there is not much in the way of supportive news; like soybeans, aggressive sales from S. America are significant. Argentina exported 2.3 MMT in February vs. 709,000 MT last year and a new record for Brazil at 5.374 MMT (1.1 MMT last year) was reported. Unsurprisingly, there is talk US exports are 'slowing down', likely a function of the activity noted.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		157.63 164.42	171.33 186.13	187.36 193.53	185.19 194.14	174.16 188.97	159.85 166.63	159.06 160.29	136.63 153.27	138.48 144.64
Soymeal Wpg Delivered	407	407	407	411	411	413				
Corn	Local delivered price available on request									

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

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