



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

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 08, 2016

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

www.hamsmarketing.ca

Forward contract prices opened mostly higher this morning.

US cash markets remain in their holding pattern, with packers unwilling to chase live hog supplies due to stagnant wholesale pork values. Hog numbers are tightening slightly, but with the large inventory of pork in Cold Storage, the price of several primal cuts have failed to improve. January's export sales data gave the industry little to get excited about with total volume up about 10% from year ago, but still well short of levels experienced the previous 3 years. Gains in Japan and China more than offset losses in Mexico and South Korea compared to January 2015 volumes. However, total value of pork exported was down about 10%, reflecting substantially lower prices paid for US pork abroad. Forward contract prices improved this morning even as Lean Hog futures are slightly lower, reflecting a 60 basis point decline in the Canadian Dollar. Producers looking to cover more of their 2016 production should view current prices for the Sep-Dec timeframe as good value in the context of the projected heavy supplies and slow export sales.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading lower ahead of the WASDE report that will be released at noon Wednesday. The general consensus is for bearish supplies to be confirmed which should ultimately pressure the trade further, but watch for some support prior to the release as traders position themselves. In fact, technical indicators suggest that some support in the short term is eminent, although unlikely to sustain itself under the current marketing climate. S. American weather remains largely cooperative. Weekly export inspections came in at 1.067 MMT compared to a 725,000 to 1.15 MMT estimate and are now situated 2.2% lower than the 5-year average pace.

US corn futures opened lower this morning. Finally some word regarding the Chinese state reserve issue; there is talk that Chinese ethanol producers are lobbying the government for access to (or, more accurately, for the government to allocate to them) the large state reserves, much of which is largely thought to be old and unfit for further processing for human consumption. Depending on how further demand for the country unfolds, world markets could see some increased demand for food grade corn (adding support) but less demand from Chinese ethanol producers (adding pressure). There is talk that the market could soon see a weather premium built into the trade, especially if farmers reduce corn acreage this year.

US Slaughter	
435,000	Monday
432,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$62.97
National	\$67.12
Iowa/S. MN.	\$63.15
Signature 3	\$153.53
Hylife	\$157.56
Thunder Creek	\$153.62
Sig 3 4-Month Fwd.	\$ 180.97
BoC Rate (Noon) prev. day \$1.3301 CAD / \$0.7518 USD	
Cash Prices Week Ending March 05, 2016	
Signature 3	155.36/70.47
h@ms Cash	153.86/69.79
Hylife	159.74/72.46
Thunder Creek	159.20/72.21
ISO Weans	\$49.70 US Avg.
Feeder Pigs	\$79.05 US Avg.
#1 Export Sows (Tagged) \$32.50/cwt (+500lbs.)	

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		155.61 162.35	171.44 186.16	187.39 193.53	184.88 194.14	174.10 188.81	159.06 165.81	158.05 159.27	136.11 152.62	137.94 144.06
Soymeal Wpg Delivered	416	416	416	418	418	420				
Corn	Local delivered price available on request									

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2016 District Meetings	Date	Time	Location
H.B. Marketing & MB West	Thursday, March 10	2:00 p.m.	Headingley CC - 5353 Portage Avenue, Headingley
Manitoba East	Friday, March 11	12:00 Noon	Smitty's Restaurant - Clear Spring Centre, Steinbach
Swift Current	Tuesday, March 15	12:00 Noon	Days Inn - 905 North Service Road East, Swift Current
Saskatoon	Wednesday, March 16	12:00 Noon	Courtyard Marriott - 333 Aerogreen Crescent, Saskatoon
Heartland Marketing District	Thursday, March 17	2:00 p.m.	Starbuck Community Hall - 25 Main Street, Starbuck