



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 10, 2016

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

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

US Slaughter	
434,000	Wednesday
432,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$64.15
National	\$67.16
Iowa/S. MN.	\$64.32
Signature 3	\$155.64
Hylife	\$158.25
Thunder Creek	\$155.70
Sig 3 4-Month Fwd.	\$ 183.19
<b>BoC Rate (Noon) prev. day</b> \$1.3236 CAD / \$0.7555 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.)	

**Forward contract prices opened mixed this morning.** US cash markets rallied in yesterday's trade with most regions reporting gains of \$1.50/cwt, taking the Midwest's regions back to levels experienced about two weeks ago. Hog supplies are expected to tighten noticeably in the weeks ahead, with a sharp drop in carcass weights being a strong indicator that producers may have already started pulling hogs ahead of their normal shipping schedule. Lean Hog futures responded positively to the cash market support, with the spring and summer contracts gaining \$1.50-\$2.00/cwt in trade yesterday. While these contracts are down this morning, the move yesterday broke through strong resistance that had previously limited the upside. However, the fall/winter month contracts did not experience the same support as the 'nearbys', reflecting ideas of an abundant hog supply for the last half of 2016. The next Quarterly Hogs and Pigs report is due out on March 25, and should help to quantify the anticipated growth. The focus of price protection should be on the Sep-Dec period, with current prices representing good value, given the risk in this timeframe.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower, continuing the pattern established yesterday after the release of the March WASDE report. As expected, US ending stocks came in higher by 10 million bu. than the previous month at 460 million bu. Some initial nearby support developed earlier on thoughts that the global oilseed supply was down slightly. However, a bearish fundamental outlook has again proven to have more sway on the deferred contracts which subsequently traded lower following the report's release. More pressure is expected in the midterm; there is news that Brazil has upgraded its production estimate up to 101.2 MMT this morning.

**US corn futures opened higher this morning.** US corn's choppy trading pattern appears to be more difficult to shake despite yesterday's March WASDE numbers which domestically remained unchanged from the February estimates. Globally, however, there has been a mild decrease in production estimates, ushering in a supportive tone, especially as the trade has languished at or near oversold levels. There is also some concerns further out on news production could be curbed in South Africa due to drought and some sobering thoughts on recent US new crop projections that could see ending stocks at their lowest levels in over 4 decades if even a 5% reduction from a trend line yields develop.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		159.94 166.63	176.68 188.28	189.49 195.57	185.82 196.18	174.28 188.85	158.78 165.46	158.15 159.36	136.16 152.56	137.98 144.06
Soymeal Wpg Delivered	413	413	413	416	416	417				
Corn	Local delivered price available on request									

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