



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 11, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
436,000	Thursday
433,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$64.94
National	\$67.26
Iowa/S. MN.	\$65.27
Signature 3	\$159.19
Hylife	\$156.67
Thunder Creek	\$159.64
Sig 3 4-Month Fwd.	\$ 183.21
BoC Rate (Noon) prev. day \$1.3373 CAD / \$0.7478 USD	
Cash Prices Week Ending March 12, 2016	
Signature 3	155.04/70.33
h@ms Cash	153.54/69.65
Hylife	n/a
Thunder Creek	155.50/70.53
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 gained more than \$1.00/cwt in trade yesterday, resulting in a rally of nearly \$3.00/cwt for the week. While hog slaughter is likely to exceed those of recent weeks, there is evidence of a decline in hog numbers with carcass weights reportedly down more than 1lb. Packers will start to compete for the tighter numbers with higher cash bids only if wholesale pork prices improve. Bellies and loins have been making modest positive contributions to the value of the cut-out, but hams have struggled to make any gains in spite of the approaching peak in seasonal ham demand, Easter. Lean hog futures are trading moderately lower from yesterday's close, but broke through a critical technical barrier this week that took us to new contract highs. Forward contract prices are not reflecting all of these recent gains due to a higher Canadian Dollar. Producers that have yet to protect prices on their Sep-Dec production should consider covering as much as 50% at current prices to avoid further price weakness in this timeframe.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher, continuing a trend that started at the beginning of March. However, some developments in Brazil are also starting to be 'priced in'. There is talk of a truckers' strike over high diesel costs (typical at this time in the harvest season), as truckers leverage their logistical importance. As well, a recovery in the Brazilian currency (reported to be at the highest level in six months) is thought to have slowed farmer sales, essentially taking product out of the S. American pipeline and potentially leaving end users to look for product elsewhere. If this keeps up, traders will be looking for demand adjustments to be made in the USDA's April reports. Cumulative sales are now at 93.2% of expectations compared to the 94.7% 5-year average.

US corn futures opened higher this morning. The support in the US corn trade is a function of a variety of factors including talk that delayed early planting in the Delta and southern regions could be an indication of things to come. Of course it is much too early to be projecting production estimates on 'early' plantings in a less than significant growing region, but the market does pay some peripheral attention to these developments. As well, there is talk of tightening stocks ahead of Brazilian harvest that is currently being impacted by a trucker strike and a high currency. US export sales came in at the higher end of trade expectations, boosted by a surprise sale to China, but cumulative sales are still almost 10% lower than the 5-year average pace.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		159.64 166.28	173.94 188.44	189.64 195.68	185.95 196.29	174.31 188.80	158.54 165.18	157.93 159.14	135.91 152.21	137.72 143.76
Soymeal Wpg Delivered	407	410	410	413	414	415				
Corn	Local delivered price available on request									

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2016 District Meetings	Date	Time	Location
Manitoba East	TODAY, 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