



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 14, 2016

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

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

US Slaughter	
2.215 mil.	Last Week
2.226 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$63.21
National	\$67.33
Iowa/S. MN.	\$63.56
Signature 3	\$153.11
Hylife	\$158.47
Thunder Creek	\$153.62
Sig 3 4-Month Fwd.	\$ 184.27
<b>BoC Rate (Noon) prev. day</b> \$1.3215 CAD / \$0.7567 USD	
Cash Prices Week Ending March 12, 2016	
Signature 3	155.04/70.33
h@ms Cash	153.54/69.65
Hylife	157.65/71.51
Thunder Creek	155.50/70.53
ISO Weans	\$45.18 US Avg.
Feeder Pigs	\$74.80 US Avg.
#1 Export Sows (Tagged) \$32.50/cwt (+500lbs.)	

**Forward contract prices opened mixed this morning.** The optimism that developed from the gains experienced in the middle of last week quickly evaporated on Friday when most of the regions reported losses of \$1.50/cwt. This has returned cash prices to the steady trend of the last several weeks, despite tighter hog supplies. Last week's slaughter was estimated by the USDA at 2.215 million hogs, approximately 0.5% lower than year ago levels, and compares favorably to the year-to-date trend that has had this year's slaughter 2% larger. The drop in hog slaughter combined with a sharp drop in carcass weights suggests that the hog supply could experience a 'hole' corresponding with a semen extender problem that led to lower conception rates last summer. Nearby lean hog futures are trading lower this morning, reflecting the weaker cash market fundamentals. However, producers looking to cover their price risk for the last half of the year should still view forward prices for the last half of 2016 as good value given the expectation of burdensome supplies of pork.

**Canadian delivered soymeal prices opened higher this morning.** The fundamental picture remains bearish in the mid-term although there are some factors helping to support the trade in the short term this morning. Production prospects in both hemispheres to this point suggest record amounts could be realized so long as the weather cooperates, potentially leading to a major correction lower; the market has been approaching overbought levels. However, the ongoing trucker strike in Brazil is expected to provide some short term support exacerbated by a strengthening Brazilian currency and talk that the local basis is stronger than usual. As well, corn prices in China have been lowering (although it is unclear if this is due to the release of state stocks) suggesting meal demand could wane at the same time they are selling state reserves of soybeans.

**US corn futures opened higher this morning.** While it is still much too early for the market to be building in accurate weather premiums, there is talk that the support for the corn trade this morning is coming from that very possibility; already there are some publications suggesting loss of acreage due to wet weather in the south. As well, strength in energy and the Brazilian truckers' strike, along with suspended farmer sales in Brazil due to a stronger currency, are seen as a supportive forces. However, expectations of large production volumes are expected to pressure global prices further out, as is the declining price of corn in China and a slowing global demand outlook generally.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		160.88 163.31	173.65 188.26	189.47 195.56	186.55 196.17	175.23 189.84	159.85 166.55	159.24 160.48	136.56 152.99	138.38 144.47
Soymeal Wpg Delivered	412	413	413	417	417	419				
Corn	Local delivered price available on request									

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2016 District Meetings	Date	Time	Location
Swift Current	Tuesday, March 15	12:00 Noon	Days Inn - 905 North Service Road East, Swift Current
Saskatoon	Wed., March 16	12:00 Noon	Courtyard Marriott - 333 Aerogreen Cres., Saskatoon
Heartland Marketing District	Thursday, March 17	2:00 p.m.	Starbuck Community Hall - 25 Main Street, Starbuck