



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

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 15, 2016

For details call: (204)235-2237 or visit  
[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

**Forward contract prices opened higher this morning.** US cash markets started the week slightly lower, as the inability of the pork cut-out to maintain a firm trend has packers cautious in bidding on live supplies. The industry is anticipating a tightening of hog numbers compared to the normal seasonal trend, which is supportive to prices. However the market needs to overcome the bearish factors of abundant supplies of beef and chicken and the sluggish growth in exports, if pork prices are to perform better than the seasonal average. Cash prices normally appreciate by US \$12-\$15/cwt over the next three months, but June Lean Hog contract is currently holding a \$16/cwt premium over current cash prices, representing a better than average cash trend. The focus of producer hedging activity should be on the Sep-Dec period where the greatest downside price risk resides. Producers should look at covering up to half of their production in this timeframe to capture profitable hog prices through this supply heavy timeframe.

**Canadian delivered soymeal prices opened higher this morning.** Despite some recent volatility, US soybean futures are called sideways and somewhat directionless at this point, likely until the end of the month when new reports become available from the USDA. Of note, the trade will be waiting for the quarterly Grain Stocks (old crop) and Prospective Plantings (new crop) which should provide the market with some fresh direction. In the meantime, technicals and expectations of US weather will start to figure more prominently even though crops have yet to be substantially planted.

**US corn futures opened lower this morning.** Like beans, the US corn trade is expected to trade in a sideways pattern until new information influences the market. Also like beans, weather projections are likely to weigh more heavily as South American harvest concerns have all but disappeared. The Brazilian truckers' strike over the high/rising cost of diesel is seen as supportive in the short term, but it will eventually be resolved and pipelines will flow in a more normal fashion. The Commitments of Traders report showed a higher net short position than pre report estimates, suggesting short covering activity could reenter the market, especially if some technical or other spark develops.

US Slaughter	
430,000	Monday
419,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$63.13
National	\$67.49
Iowa/S. MN.	\$63.25
Signature 3	\$153.82
Hylife	\$156.96
Thunder Creek	\$153.80
Sig 3 4-Month Fwd.	\$ 186.53
<b>BoC Rate (Noon) prev. day</b> \$1.3293 CAD / \$0.7523 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) \$28.50/cwt (+500lbs.)	

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		162.64 165.10	176.25 190.97	192.19 198.32	188.63 198.93	176.81 191.49	160.90 167.63	160.29 161.51	137.85 154.37	139.68 145.80
Soymeal Wpg Delivered	414	413	413	418	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