



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 17, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened lower this morning.** US cash markets were lower in trade again yesterday, and sitting near the low end of the monthly trading range. Packers have been unwilling to add more money to their cash bids while wholesale prices struggle. Hog numbers are starting to tighten which should prove supportive as this week's total is likely to be down 20,000 hogs from last week. However, abundant supplies in freezers and declining prices at the retail level are applying pressure to packer margins in the longer term. USDA quoted retail pork prices to be down 5% from year ago levels, a necessary drop that encourages consumption and will help to clear the market of excess supplies. Forward contract prices have come under pressure this morning with weaker Lean Hog futures and a sharply higher Canadian Dollar. News from the US Federal Reserve that it intends to raise interest rates more slowly than previously thought, combined with firmer oil prices, sent the Loonie to the highest level in 6 months.

| 2016 District Meetings   | Date            | Time      | Location   |
|--------------------------|-----------------|-----------|--|
| Heartland Mktg. District | TODAY, March 17 | 2:00 p.m. | Starbuck Comm. Hall—25 Main Street, Starbuck, MB |

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures have turned around this morning and are now flirting with (and briefly touching) \$9.00 USD/bu. for the first time in two months, largely following strength in soy oil which is pulling up the value of beans. There is particular worry that the monsoon season will be particularly harsh in palm oil growing regions, a function of the El Nino shift that is also a concern in the area. There is talk that oil's share of the crushing value could see further upside. The support could be short-lived, however, as cooperative weather in S. America indicates large volumes from the region and some currency weakness is aiding regional competitiveness. Slower export sales are prompting talk of further declines for US meal in the mid-term.

**US corn futures opened higher this morning.** As the funds currently sit on a massive short position, there is increasing talk that any spark could trigger a buying spree or short covering activity. So far, that spark could come from the ethanol trade, where the most recent data shows production was up 2.1% week over week and 5.5% over last year. News elsewhere suggests more downside is possible. Benign/cooperative S. American weather and a drop in the Brazilian currency has ushered in talk of more farmer selling and decreasing US competitiveness. Drier weather in the US delta region is prompting talk of recovering planting and alleviating concerns somewhat, albeit very early on in the season.

| US Slaughter  |                         |
|---|-------------------------|
| 427,000   | Wednesday               |
| 433,000   | Wednesday<br>(year ago) |
| Daily Prices  |                         |
| W. Corn Belt  | \$62.58                 |
| National  | \$67.47                 |
| Iowa/S. MN.   | \$62.76                 |
| Signature 3   | \$153.27                |
| Hylife  | \$158.64                |
| Thunder Creek   | \$153.37                |
| Sig 3<br>4-Month Fwd.   | \$ 181.88               |
| <b>BoC Rate (Noon) prev. day</b><br>\$1.3362 CAD / \$0.7484 USD |                         |
| Cash Prices Week Ending<br>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)<br>\$28.50/cwt (+500lbs.)               |                         |

| Fixed Forward Range<br>(at opening) | Mar  | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              |
|-------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf<br>Sig. #3               |  | 158.38<br>160.76 | 171.99<br>186.32 | 187.52<br>193.49 | 183.93<br>194.09 | 171.81<br>186.13 | 156.78<br>163.34 | 156.10<br>157.29 | 133.40<br>149.49 | 135.18<br>141.15 |
| Soymeal<br>Wpg Delivered            | 414  | 399              | 399              | 403              | 403              | 405              |                  |                  |                  |                  |
| Corn                                | Local delivered price available on request |                  |                  |                  |                  |                  |                  |                  |                  |                  |

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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