



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 18, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
382,000	Thursday
435,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$62.30
National	\$67.45
Iowa/S. MN.	\$62.36
Signature 3	\$148.27
Hylife	\$158.61
Thunder Creek	\$148.08
Sig 3 4-Month Fwd.	\$ 181.89
BoC Rate (Noon) prev. day \$1.2984 CAD / \$0.7702 USD	
Cash Prices Week Ending March 19, 2016	
Signature 3	152.69/69.26
h@ms Cash	151.19/68.58
Hylife	n/a
Thunder Creek	155.30/70.44
ISO Weans	\$45.18 US Avg.
Feeder Pigs	\$74.80 US Avg.
#1 Export Sows (Tagged) \$28.50/cwt (+500lbs.)	

Forward contract prices opened mixed this morning. US cash markets traded lower this week, losing about \$3.00/cwt as packers went into margin protection mode. Hog numbers are tightening with yesterday's slaughter estimated at 383,000 hogs, down sharply from the trend experienced earlier in the week. Packers are anxiously awaiting a turn higher in wholesale pork prices that typically occurs when hog numbers tighten in the spring, but abundant inventory combined with sluggish exports are moderating this move. Lean Hog futures remain optimistic about the summer month contracts, with June futures holding a \$17/cwt premium to the cash market. This premium is significantly larger than the historical average at this time of year, reflecting the market consensus that hog numbers will be tighter than average due to the semen extender issue. Producers should focus on the fall time frame where we expect record pork production to push prices lower especially in the context of abundant supplies of beef and chicken and sluggish meat exports.

Canadian delivered soymeal prices opened lower this morning. The mid-term news for the US soybean trade is bearish on continued thoughts of large acres from S. America and rumors that China may sell 6 MMT of beans from state reserves. However, there is talk that a potential shift in US acreage could develop from beans to corn due to rising temperatures in critical growing regions in the US Midwest which could lead to a tightening of supplies if the talk materialized into concrete action. Despite the recent supportive tone to the trade this morning, strength in the Canadian dollar has pushed Canadian delivered and FOB meal prices approximately \$10 CAD/MT lower compared to a 75 cent dollar just a few sessions ago.

US corn futures opened lower this morning. The US corn trade has once again turned lower, in part due to the talk of more US planted acreage in the upcoming season and continued thoughts that, at some point, Chinese officials will sell some of their large state reserves. As well, it is widely held that farmer selling in Brazil has increased despite revolving trucker strikes, one rural one slowing fuel and commodity deliveries and another recent one (now ended) in Rio that was causing considerable congestion in the port city of six million people where the third largest volumes of Brazilian port cargo is handled. US export sales remain lacklustre, coming in 8.2% lower than the 5-year average pace this week.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		158.05 160.43	172.26 186.52	187.71 193.65	184.00 194.25	171.53 185.78	157.28 163.81	156.38 157.56	133.02 149.03	134.80 140.73
Soymeal Wpg Delivered	413	398	398	402	402	403				
Corn	Local delivered price available on request									

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