



# Hog Margin Outlook

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Tuesday, March 22, 2016

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

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

**Forward contract prices opened lower this morning.** US cash markets started the week with only modest gains despite hog supplies tightening dramatically over the last 2 weeks. Hog numbers are expected to be down 2% from last year's levels for the next 2-3 months, corresponding to poorer conception rates and litter sizes experienced in operations last summer after using a faulty semen extender product. Wholesale pork prices remain in the steady trend that has been experienced for the last 2 months with gains in the belly and rib primal cuts offsetting losses in hams. Lean hog futures moved sharply lower in yesterday's trade, with mounting producer selling and a lack of interested buyers. The trade will see added influence from Friday's release of the Hogs and Pigs report which is expected to show lower numbers in the heaviest weight categories, but higher supply in the lighter weight category. The industry is probably most interested in the longer term indicators like the breeding herd and pigs per litter numbers which will help inform us about the critical fall season hog supply.

**Canadian delivered soymeal prices opened higher this morning.** The US soybean futures trade continue to defy bearish supply and demand fundamental outlooks, instead trading higher for the second day in a row and continuing the trend over the past four sessions. 'Outside' support from a recovery in the Brazilian currency, strength in the wheat market and some palm oil production concerns have been cited for the nearby support. Further out, the strength is a bit more difficult to justify. However, some returning purchase activity from China (up 5.8% from last year's February numbers) and anticipation of US production losses over the next growing season are starting to creep into the analyses.

**US corn futures opened higher this morning.** As with the strength in other markets this morning, US corn futures are trading higher. The fundamental picture is less optimistic compared to beans especially when the potential for production losses likely will have a greater impact. There is also talk that traders are likely to start buying especially if the wet weather in the delta region translates into a wetter American spring broadly, followed by a particularly dry development stage, if the current El Nino transition is a strong one. The weather will be a primary focus of the trade very soon and any hints of adverse forecasts will likely result in some premium built in.

US Slaughter	
385,000	Monday
434,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$61.47
National	\$66.72
Iowa/S. MN.	\$61.52
Signature 3	\$147.25
Hylife	\$152.44
Thunder Creek	\$147.04
Sig 3 4-Month Fwd.	\$ 179.01
<b>BoC Rate (Noon) prev. day</b> \$1.3069 CAD / \$0.7652 USD	
Cash Prices Week Ending March 19, 2016	
Signature 3	152.69/69.26
h@ms Cash	151.19/68.58
Hylife	157.14/71.28
Thunder Creek	155.30/70.44
ISO Weans	\$42.66 US Avg.
Feeder Pigs	\$79.01 US Avg.
#1 Export Sows (Tagged) n/a (+500lbs.)	

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		155.27 157.66	168.84 183.19	184.39 190.37	181.45 190.97	169.66 184.03	155.78 162.36	155.18 156.50	132.41 148.59	134.21 140.20
Soymeal Wpg Delivered	403	404	404	408	408	410				
Corn	Local delivered price available on request									

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236



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