

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

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 04, 2016

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Forward contract prices opened lower this morning. US cash markets struggled to make any gains last week with hog supplies near steady with year ago levels. Most traders had anticipated seeing a modest drop in slaughter, reflecting the poor conception rates that were reported last summer, but tighter supplies have failed to materialize so far. Wholesale pork prices are also in a holding pattern, but could be poised for significant gains over the month, matching the April 2015 move that saw the cut-out value climb 30% over a 6-week period. Summer month lean hog futures have trimmed some of the premium that they held over the current cash market, but are still trading nearly \$15/cwt higher than the current cash index. Chicken, beef and pork production are all higher year-to-date and with abundant supplies, threaten to put pressure on prices until export sales improve. Traders await the latest meat export sales report released this week, which will provide more information on the latest export trends.

Canadian delivered soymeal prices opened lower this morning. US soybean futures continue to show some strength following the USDA reports released last week. In the meantime, we will likely see continually updated production (yield and acreage) estimates, especially as later Crop Progress reports are released. The first Crop Progress report will be released this week but its value on final estimates, and ultimately its influence on the market, will be limited until later releases and the US crop development picture become clearer. Meanwhile, the market will look for fundamental direction from S. American production reports as well as domestic sales and export data information.

US corn futures opened lower this morning. US corn continues to trade near lows, a function of last week's decisively bearish Grain Stocks and Planting Intentions reports. The general consensus is that only a major weather event or supply chain disruption is likely to provide the corn trade with any support. South American volumes are high, the Chinese government is poised to release state reserves and move to a more market oriented approach in its domestic pricing and, if domestic planting intentions are borne out, the US will see the largest acreage planted since 1944. Traders will likely be watching localized developments (prevent plant acreage, planting pace, etc.) with a keen eye for direction.

US Slaughter	
2.181 mil.	Last Week
2.190 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$63.33
National	\$66.45
Iowa/S. MN.	\$63.48
Signature 3	\$151.45
Hylife	\$151.71
Thunder Creek	\$151.47
Sig 3 4-Month Fwd.	\$176.21
BoC Rate (Noon) prev. day \$1.3047 CAD / \$0.7665 USD	
Cash Prices Week Ending April 02, 2016	
Signature 3	150.11-68.09
h@ms Cash	148.61/67.41
Hylife	152.78/69.30
Thunder Creek	148.9/67.54
ISO Weans	\$39.74 US Avg.
Feeder Pigs	\$79.61 US Avg.
#1 Export Sows (Tagged)	\$30.00/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #3		162.92 177.26	178.46 184.44	176.82 185.04	166.80 181.12	153.03 159.59	152.44 153.79	130.38 146.50	132.17 138.14	132.64 140.99
Soymeal Wpg Delivered	406	406	410	408	409	412	413	417	417	
Corn	Local delivered price available on request									

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