



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

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 05, 2016

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

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Forward contract prices opened higher this morning. US cash markets started the week with bids steady with Friday's close, as hog numbers are ample and wholesale pork prices are lackluster. Both cash bids and wholesale pork prices have been relatively steady for two months, trading within a \$3.00/cwt price range over this whole period. The lack of volatility is uncharacteristic of the hog market as both supply and demand factors are typically dynamic, due in part, to the diverse end uses of the primal cuts. Canadian hog prices have experienced more weakness compared to the US market, due to the Canadian Dollar appreciating nearly 10% over the same timeframe. However, the Loonie is trading sharply lower this morning, with influence from lower oil prices due to a glut of supply in the world market. Producers who have not yet protected some of their Sep-Dec production should view today's weaker currency as a pricing opportunity to secure profitable hog prices in the uncertain fall and winter timeframe.

Canadian delivered soymeal prices opened higher this morning. US soybean futures were trading with some strength earlier in the session but have since backed off, potentially reflecting conditions which could set the stage for some downside correction. Technical indicators suggest the upside is limited. As well, talk of meagre demand from China and thoughts that wet weather in the southern states (so far) could entice farmers to plant more soybean acres as the season develops are factors currently weighing on the trade. Export inspections were unimpressive last week, showing 204,000 MT compared to the 300-500,000 expected by the market bringing the cumulative total to 83.0% of forecasts (87.2% 5-year average).

US corn futures opened lower this morning. There is really no eminent news suggesting that the US corn trade will show any significant supportive elements unless the export picture significantly improves, prevent plant acres increase, farmers switch to beans in any significant capacity, or a major weather disruption negatively impacts production estimates. However, there is talk that the weakness could be limited; technically, US corn is in an oversold condition and the general consensus is that the market has priced in most of the bearish elements so far, limiting the downside. Weekly export inspections beat the upper trade estimates by 104,000 MT, but the cumulative result is still 8.6% lower than the 5-year average pace.

US Slaughter	
435,000	Monday
291,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$63.51
National	\$66.55
Iowa/S. MN.	\$63.48
Signature 3	\$151.76
Hylife	\$152.81
Thunder Creek	\$151.30
Sig 3 4-Month Fwd.	\$179.30
BoC Rate (Noon) prev. day \$1.3036 CAD / \$0.7671 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) \$35.00/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #3		165.53 180.01	181.21 187.25	180.20 187.85	170.11 184.62	156.57 163.22	155.90 157.11	133.30 149.62	135.12 141.16	134.92 143.29
Soymeal Wpg Delivered	406	406	411	411	413	415	416	419	419	
Corn	Local delivered price available on request									

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