



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

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 06, 2016

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Forward contract prices opened mostly lower this morning.

US cash markets slid lower in trade yesterday with abundant hog supplies contributing to the declines. Daily slaughter was estimated at 435,000 hogs, as supplies continue to be larger than expected and provide packers little incentive to increase their bids. Wholesale pork prices have performed well amid the heavy supply, but have yet to break out of their 2 month trading range. US pork exports in February made modest gains, with shipments up 2% from year ago levels. Weakness in Mexico and South Korea negated most of the gains in Japan, Hong Kong and China for the month. Another way of measuring is to consider the value of pork shipped, which was down 11% from February 2015 levels. The lower pork values reflect a stronger US Dollar which has made US pork less competitive in many of the importing countries. Gains of exports to China were noteworthy, with February 2016 volumes up 6 fold from last February, but its share of the export sales pie remains relatively small at 10%.

Canadian delivered soymeal prices opened lower this morning.

Rumblings that wet weather in the south, if it continues northward, could influence a change in the planting intentions of farmers is starting to gain some traction. The idea that corn acres could be allocated to soybeans is pressuring beans because even though the WASDE report showed intentions lower than last year, the acreage is the third highest on record and only 414,000 lower than 2015. In short, the fundamental picture, or at least the outlook, appears to be improving production-wise and in turn is putting some pressure on the trade. The value of the Canadian dollar, currently trading around 76 cents USD has also provided Canadian meal buyers with some price relief.

US corn futures opened lower this morning. Despite talk of potentially shifting acreage to beans, US corn futures are trading lower. Important factors include the Chinese government release of state stocks, a meagre export demand outlook in general, and the fact that intended corn acreage has been estimated 6% higher than year ago plantings, the highest since 1944. On the other hand, recent reports are suggesting that dry weather in Kansas, Oklahoma and Texas could be troubling; some areas have not seen rain in over 90 days. While dry periods and even drought are typical in the region, the fact that it is even being brought up as a potential issue shows that market direction is anything but certain at this point.

US Slaughter	
436,000	Tuesday
430,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$62.54
National	\$66.93
Iowa/S. MN.	\$63.18
Signature 3	\$150.98
Hylife	\$153.56
Thunder Creek	\$152.18
Sig 3 4-Month Fwd.	\$178.39
BoC Rate (Noon) prev. day \$1.3170 CAD / \$0.7593 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		164.69 179.16	180.37 186.40	179.11 187.01	169.17 183.65	155.94 162.58	155.09 156.30	133.11 140.94	134.92 140.94	135.83 144.26
Soymeal Wpg Delivered	401	401	405	405	407	409	410	412	412	
Corn	Local delivered price available on request									

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