



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 08, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
377,000	Thursday
421,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$62.69
National	\$67.22
Iowa/S. MN.	\$62.80
Signature 3	\$151.26
Hylife	\$154.72
Thunder Creek	\$151.18
Sig 3 4-Month Fwd.	\$176.23
BoC Rate (Noon) prev. day \$1.3163 CAD / \$0.7597 USD	
Cash Prices Week Ending April 09, 2016	
Signature 3	151.37/68.66
h@ms Cash	149.87/67.98
Hylife	n/a
Thunder Creek	150.90/68.45
ISO Weans	\$39.74 US Avg.
Feeder Pigs	\$79.61 US Avg.
#1 Export Sows (Tagged) \$35.00/cwt. (+500lbs.)	

Forward contract prices opened mostly lower this morning.

US cash markets continued their sideways trend, unable to string together more than two days of modest gains. Over the past two months, packers have been willing to pay more in their cash bids when they received more in the form of higher wholesale pork prices, but no gains in the carcass cut-out have been sustained over this timeframe. While the Belly and Rib primal cuts have contributed positively to pork prices they have not been enough to offset the sluggish trend in loin and ham prices, which make up most of the hog carcass by weight. Lean Hog futures are finishing the week with lower prices, reflecting the current cash market fundamentals and outlook for heavy meat supplies. The Canadian Dollar returned to levels seen early this week after Statistics Canada reported March job growth of more than 40,000 on this morning's report, exceeding expectations. Producers should add protection on their Dec-Feb production at current prices, as forward contract prices still represent good value in the context of the abundant supplies that are expected.

Canadian delivered soymeal prices opened mixed this morning.

A bit of news coming from Argentina has provided some rationale for strength across the complex this morning. According to the USDA's Buenos Aires regional office, there will be fewer soybean acres planted in Argentina for the 2016/17 season stemming from the issues of mono-cropping beans year over year that has been commonplace in the region. Along with the agronomic challenges associated with this practice is the rising costs of pest and disease management, making corn and wheat logical choices for rotation, especially as the newly lowered export taxes and low peso helps to improve grains margins. Export data showed increasing demand last week, also providing rationale for some support.

US corn futures opened lower this morning.

Unlike soybeans, the news from Argentina has had a pressuring effect on the corn trade. The USDA regional office has suggested 17% more corn could be planted as potential profitability for the crop improves against soybeans. As a result, corn production from Argentina is currently pegged at 31.5 MMT for the 2016/17 season that, if realized, would be a new high surpassing this season's 27 MMT record. As many as 2.471 million new acres could be pushed into production. Export data released yesterday was mixed, showing sales were 20% higher than week ago and 47% higher than year ago, but 5% lower than the 4 week average.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #3		162.46 176.74	177.93 183.89	177.34 184.48	166.98 181.27	155.43 161.98	154.84 156.07	132.85 148.92	134.63 140.59	136.84 145.27
Soymeal Wpg Delivered	404	404	407	407	409	411	413	416	416	
Corn	Local delivered price available on request									

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