



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 12, 2016

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

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

US Slaughter	
385,000	Monday
451,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$62.68
National	\$67.11
Iowa/S. MN.	\$63.03
Signature 3	\$148.36
Hylife	\$153.49
Thunder Creek	\$148.86
Sig 3 4-Month Fwd.	\$175.33
BoC Rate (Noon) prev. day \$1.2913 CAD / \$0.7744 USD	
Cash Prices Week Ending April 09, 2016	
Signature 3	151.37/68.66
h@ms Cash	149.87/67.98
Hylife	154.47/70.07
Thunder Creek	150.90/68.45
ISO Weans	\$40.05 US Avg.
Feeder Pigs	\$79.95 US Avg.
#1 Export Sows (Tagged) \$37.50/cwt. (+500lbs.)	

Forward contract prices opened mixed this morning. US cash markets traded slightly lower to start the week with all regions reporting lower cash bids, even as packers cut hours to their slaughter schedule. Packers are managing their operating margins by remaining disciplined to their plan of only bidding cash prices higher when there is support offered in wholesale pork prices. The pork carcass cut-out has traded almost 3 months now in a modest \$3.00/cwt range, which is unprecedented in the past 3 years. However, it was around this time last year when wholesale pork prices appreciated about 30% in just over a month, so abrupt changes to the cash market at this time of year has a positive precedent. Lean Hog futures traders are signaling less optimism about the chance of this large move occurring, by virtue of the \$1.25/cwt decline in the June contract yesterday. However, summer month contracts continue to offer a larger-than-average premium to the current cash market and represent good value at current prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher ahead of the April WASDE report, released at noon today (Central). Pre-report positioning, some strength in meal and talk that there could be less acres switched from corn to beans has been providing support, bolstered by some pre-report estimates suggesting ending stocks could come in less than published in the March report. The talk of an ending stock decline hovering around 10 MMT is a new development that materialized after learning that exports could have increased due to some production concerns in South America. However, the range covers 76 MMT meaning the final result is anything but certain.

US corn futures opened higher this morning. Although there are some Safrinha crop (2nd crop) concerns in Brazil, the global fundamental picture for corn is generally bearish. The range of pre-report US ending stock estimates is large, coming in between 1.787 and 1.960 billion MT suggesting some uncertainty on direction. However, compared to the previous report, the average of all estimates comes in only 10 MMT higher, meaning that if correct, a market move, if any, could be less dramatic than if today's report comes in near the estimates' extremes. Anything is possible: difference from the March and April reports has ranged between +125 and -125 MMT within the past 6 years.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		168.35 176.03	177.22 183.12	179.11 183.83	166.63 180.81	156.06 161.97	154.78 155.96	132.51 148.45	134.28 140.18	135.15 143.42	145.78
Soymeal Wpg Delivered	418	418	421	421	423	424	426	429	429		
Corn	Local delivered price available on request										

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