



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

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 13, 2016

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Forward contract prices opened lower this morning. US cash markets weakened further in trade yesterday as packers were again unwilling to compete for live supplies as wholesale pork prices are stagnant and showing no signs of strengthening. Belly and Rib values have been the strongest of the primal cuts, with loins and hams struggling to make gains. The split in performance between the primal cuts can be partially attributed to slower pork export sales as loins and hams make up a much larger share of the export business than bellies and ribs, which are primarily consumed domestically. China remains the best potential market for North American pork, as prices have climbed there by 60% in the 1st Quarter of 2016. However, European suppliers continue to be the largest benefactors as they represent 80% of total Chinese imports. The strong U.S. dollar has been holding back US pork exports, but its recent trend has been helpful to sales prospects as it has decrease in value by 4% over the last month against a basket of the world's currencies.

Canadian delivered soymeal prices opened higher this morning. A slight drop in US ending stocks and global production numbers gave the US bean trade a bit of a boost yesterday following the release of the April WASDE report. A summary of the most popular categories (below, right), however, shows that some uncertainty developed as global ending stocks came in higher than March's numbers and exactly in line with the average trade estimates. In the meantime, support for beans remains, especially as there is talk of production curbing wet weather in Argentina.

US corn futures opened higher this morning. US corn futures dipped lower, then regained strength over the session following the release of yesterday's WASDE report. Increasing domestic and global production of corn was pressuring the trade initially, exacerbated by thoughts of increasing export challenges that are unlikely to subside any time soon. The general consensus within the trade is that rallies, to the extent that they materialize, will likely be a function of weather developments in the short to mid-term.

US Slaughter	
435,000	Tuesday
433,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$62.28
National	\$67.60
Iowa/S. MN.	\$62.10
Signature 3	\$146.11
Hylife	\$153.63
Thunder Creek	\$145.36
Sig 3 4-Month Fwd.	\$171.67
BoC Rate (Noon) prev. day \$1.2799 CAD / \$0.7813 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.)	

April WASDE Report				
		March	Avg. Est.	April WASDE
Soy	Ending Stocks	460 mil bu.	454	445
	World Prod.	158.5 MMT	159.2	159.0
	Global Ending	78.87 MMT	78.96	78.96
Corn	Ending Stocks	1.837 bil bu	1.845	1.862
	World Prod.	111 MMT	111.2	112
	Global Ending	207 MMT	207.35	207.35

Source: USDA; citing Reuters, Bloomberg in Burgdorfer, Farm Futures

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		164.63 172.24	173.41 179.26	172.96 179.99	163.08 177.13	152.70 159.14	152.12 153.39	130.84 146.66	132.60 138.46	133.61 141.78	144.12
Soymeal Wpg Delivered	417	419	423	428	426	427	428	430	430		
Corn	Local delivered price available on request										

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