



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

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 14, 2016

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Forward contract prices opened mostly lower this morning.

US cash markets regained most of the losses experienced earlier this week in trade yesterday with most regions posting gains of \$0.75/cwt. Packers received the positive signal needed to increase their cash bids from wholesale pork prices which found broad support from almost all primal cuts. The pork cut-out rallied to its highest point since late January, but has yet to break out of its 3-month long sideways trend. Over the last 3 weeks, ham primal cuts have gained about 15% of their value, one of the few positive factors that have recently developed. However, for Lean Hog futures traders this bullish factor is too little, too late with summer month contracts sinking to their lowest level since January. Traders have lost confidence that cash prices will rally by much more than 15% over the next two months. However, winter month contracts have been stable, trading without the immediate effects of the current cash market. As a result, good hedging opportunities still exist for the Sep – Feb timeframe where prices could struggle against the prospect of heavy supplies.

Canadian delivered soymeal prices opened mixed to higher this morning.

Support continued in the US soybean futures trade yesterday in what some are suggesting is not typical given the information provided in Tuesday's WASDE report. However, there are some stories developing currently that the WASDE would not capture due to timing. For example, there are new thoughts that Argentina could lose up to 5% of its crop due to wet weather. As well, there is evidence Brazil is importing to offset short feed supplies, necessary now following from earlier aggressive exporting when its currency (the real) was weaker. The other factor to note is some political unrest in the country that could create unforeseen logistical challenges.

US corn futures opened higher this morning.

Talk of US weather uncertainty and some declining production estimates for South America are supportive. Losses approaching 10% of the Brazilian crop are being talked about amid dry weather and concerns over the Safrinha (2nd) crop. The dust hasn't yet settled from the impact of the WASDE report, and already traders are looking ahead to the May edition. The reason is the May report provides the first look at official estimates for the new crop. Already, trade guesses are ranging between 2.4 and 2.7 billion bu. in US ending stocks, high numbers that will likely be curbed when actual production numbers and actual demand are factored in later.

US Slaughter	
438,000	Wednesday
433,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$63.24
National	\$67.40
Iowa/S. MN.	\$63.37
Signature 3	\$148.28
Hylife	\$151.82
Thunder Creek	\$148.26
Sig 3 4-Month Fwd.	\$169.86
BoC Rate (Noon) prev. day \$1.2792 CAD / \$0.7817 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.)	

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		162.50 170.15	171.33 177.22	171.26 178.32	161.56 175.69	150.97 157.44	150.15 151.32	130.45 146.32	132.21 138.09	133.59 141.80	144.15
Soymeal Wpg Delivered	418	419	425	425	426	427	427	430	430		
Corn	Local delivered price available on request										

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