



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

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 15, 2016

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Forward contract prices opened mostly lower this morning.

US cash markets are finishing off the week near where they started, reflecting the steady trend that prices have held for close to 3 months. Hog numbers are abundant, with no signs that producers are pulling animals ahead of their normal marketing schedule based on carcass weights. Nearby Lean Hog futures have lost approximately \$4.00/cwt this week as 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 influence of the current cash market. Applying negative pressure across all forward contracts has been the strengthening Canadian Dollar, which, buoyed by stronger oil prices and positive economic indicators, hit levels not seen since July 2015. Good hedging opportunities still exist for the Sep – Feb timeframe where prices could struggle against the prospect of heavy meat supplies.

Canadian delivered soymeal prices opened higher this morning.

Technical indicators suggest that the bean trade is overbought, driven largely by some short-term supply issues that pushed the market to recent highs as buyers attempted to solidify supply commitments. However, observing the general fundamental picture (largely bearish), there is talk that an interim high could be developing unless some major weather related disaster takes place. Even though areas of Argentina have been wet (there was talk of as much as 3 million acres in reduced acreage as recently as this week), the forecast appears a bit drier and there is counter-talk beginning to surface that the damage will not be drastic as first thought.

US corn futures opened higher this morning.

The US corn trade got a bit of a boost from export data showing sales slightly higher than upper trade guesses for the April 7 week. As well, if the dryness in Brazil persists, the pessimistic voices in the trade are suggesting as much as 8 MMT in production could be lost. However, there is also talk that unless consistent dryness persists (about another two weeks), crop damage to the Safrinha (2nd) crop may not be that bad. Pressure also comes from rumors suggesting China could turn to the export market to liquidate some of the large state reserves, although quality issues with the state corn could limit the customer base.

US Slaughter	
437,000	Thursday
431,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$63.02
National	\$67.44
Iowa/S. MN.	\$63.55
Signature 3	\$148.28
Hylife	\$151.83
Thunder Creek	\$149.19
Sig 3 4-Month Fwd.	\$169.50
BoC Rate (Noon) prev. day \$1.2836 CAD / \$0.7791 USD	
Cash Prices Week Ending April 16, 2016	
Signature 3	148.15/67.20
h@ms Cash	146.65/66.52
Hylife	n/a
Thunder Creek	151.30/68.63
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		161.99 169.67	170.85 176.75	170.94 178.03	161.50 175.66	150.40 156.89	149.81 150.99	129.51 145.44	131.28 137.18	132.62 140.86	143.22
Soymeal Wpg Delivered	425	427	432	431	433	435	436	439	439		
Corn	Local delivered price available on request										

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