



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 18, 2016

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

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

US Slaughter	
2.197 mil.	Last Week
2.240 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$63.12
National	\$67.30
Iowa/S. MN.	\$63.45
Signature 3	\$148.77
Hylife	\$152.03
Thunder Creek	\$149.21
Sig 3 4-Month Fwd.	\$170.00
<b>BoC Rate (Noon) prev. day</b> \$1.2858 CAD / \$0.7777 USD	
Cash Prices Week Ending April 16, 2016	
Signature 3	148.15/67.20
h@ms Cash	146.65/66.52
Hylife	152.56/69.20
Thunder Creek	151.30/68.63
ISO Weans	\$40.74 US Avg.
Feeder Pigs	\$76.45 US Avg.
#1 Export Sows (Tagged) \$37.50/cwt. (+500lbs.)	

**Forward contract prices opened higher this morning.** US cash markets are expected to trade slightly higher this week, with modest support coming from wholesale pork prices. Hog numbers were up slightly from week ago levels, with the week's total estimated at 2.2 million hogs, about 2% below year ago levels. The pork cut-out traded at its highest level in nearly six months, but surprisingly only \$4.00/cwt higher than the lows which reflects the steady trend of the last several months. Gains were made largely due to improvement in ham values which appreciated about 10% over the last week. It was in this week last year that pork prices started an impressive spring rally, which led to a 30% increase in the pork cut-out and allowed cash prices to strengthen from near breakeven levels. Lean Hog futures traders are less optimistic about this year's spring trend, but are still pricing the summer month contracts at a larger premium than is typical. Producers should focus their attention on the fall and winter month periods, where pork production is expected to approach record highs.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are under some pressure despite talk that the market is attempting to define a short-term high. If fact, if the pressure continues, the high may have already been reached. The fundamental outlook remains bearish and potential Argentine losses due to rain delays at harvest and yield losses are thought to already be priced into the market. As such, support following the release of the WASDE report was sustained on some supply issues in South America where earlier aggressive selling from Brazil left the country short on feed supplies, who then subsequently had to secure orders from Argentina.

**US corn futures opened mixed this morning.** Nearby strength in the corn trade is thought to be premised on suspicions of large losses in Brazil due to dry weather. While earlier reports suggest the crop can handle at least another week and a half of dryness before real damage materializes, a figure of 8MMT or more in production loss has the market attempting to price in this risk. Despite potential production losses from the region, global ending stocks would still come in higher than 200 MMT, high by historical standards and partially explaining the pressure in the deferred contracts. Global supply outlooks remain a bearish factor currently.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		169.26 170.44	171.62 177.51	171.86 178.93	163.21 177.35	152.01 158.49	151.17 152.34	130.10 145.99	131.87 137.75	133.59 141.82	144.18 145.35
Soymeal Wpg Delivered	430	431	437	437	438	439	438	442	442		
Corn	Local delivered price available on request										

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HWY #6 AND RD 236



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