



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 19, 2016

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

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

Forward contract prices opened lower this morning. US cash markets are steady to higher from the previous day with ISM and WCB reporting regions coming in \$0.60+USD/cwt higher; the National region was lower by a modest \$0.08 USD/cwt. Continued strength in the pork cut-out (among the highest levels since November) and last week's decrease in pork production are contributing to the support seen in the cash markets this week. In any event, the cash market is poised for continued strength as summer demand ramps up, typically around week 16 each year adding support to the cash market. Lean hog futures are trading in a mixed and choppy pattern but showing a bullish bias to start the session this morning. There is some hope that the summer US grilling (Canadian BBQ) season will positively impact demand further out and the trade is showing support as well this morning, but further gains are likely limited especially with large hog supplies expected. CAD is trading at 78.8 cents USD today, the highest since July 2015, continuing the support seen yesterday despite a failed attempt to reach an oil output agreement among OPEC and non-OPEC members over the weekend.

Canadian delivered soymeal prices opened lower this morning. Concerns with Argentine production stemming from continued wet weather and some political turmoil in Brazil are factors adding to support this morning. While it is thought the market has priced in crop losses in Argentina around 2-2.5 MMT, there are estimates as high as 4MMT adding to the uncertainty. A vote to proceed with impeachment proceeding in Brazil is also adding uncertainty, especially as related to currency values; logistics could be impacted as well, particularly if the public reacts negatively to ongoing developments.

US corn futures opened mixed this morning. Expectations of a smaller Safrinha (2nd) corn crop in Brazil and aggressive export activity earlier (when the Brazilian currency was lower) are factors supporting corn futures this morning. If Brazil production concerns are realized and the US plants less acres than expected, the support could be sustained. However, Brazilian losses are merely speculative at this point and the US crop (while early in the season) is showing planting progress ahead of 10-year averages.

US Slaughter	
436,000	Monday
427,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$63.81
National	\$67.22
Iowa/S. MN.	\$64.06
Signature 3	\$149.89
HyLife	\$152.12
Thunder Creek	\$150.14
Sig 3 4-Month Fwd.	\$168.14
BoC Rate (Noon) prev. day \$1.2815 CAD / \$0.7803 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)	\$39.00/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		168.23 169.39	170.55 176.35	170.02 176.98	160.67 174.59	149.49 155.87	148.91 150.09	127.81 143.47	129.55 133.35	133.12 141.33	143.68 144.85
Soymeal Wpg Delivered	428	439	435	435	436	437	436	440	440		
Corn	Local delivered price available on request										

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