



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

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 20, 2016

For details call: (204)235-2237 or visit  
[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

**Forward contract prices opened higher this morning.** US cash markets started this week stronger, with support coming from wholesale pork prices that have broken out of their 3 month trading range and are currently valued at the highest level since October 2015. Packers have been very disciplined with their buying program, ensuring that their operating margins remain profitable. Ample hog supplies have allowed for this strategy over the last several months, but as numbers tighten into the summer months, increased competition could see packers bidding more aggressively. Firmer cash market fundamentals are being reflected in Lean Hog futures this morning, with most months gaining \$0.50-\$0.80/cwt. While down close to 7% from contract highs, summer month Lean Hog futures are good value when compared to the normal cash market trend. Producer focus should remain on the winter month contracts that still represent a profit for most operations.

**Canadian delivered soymeal prices opened higher this morning.** Yesterday's early morning news feeds were suggesting damage to the Argentine soybean crop might not be as bad as first thought. By mid-afternoon, that all changed and beans rallied near 3% to post the highest closing in nine months. Most figures now suggest around 3MMT in production could be lost (approximately 5% of the crop) but there are some as high as 10 MMT. The general consensus is the market has come close to pricing in a 5% loss, but it could be poised for another rally if more losses materialize. Exacerbating the Argentine situation is political instability in Brazil following the Chamber of Deputies' vote to proceed with presidential impeachment hearings.

**US corn futures opened mixed this morning.** Ongoing dryness in critical growing areas affecting the Safrinha (2<sup>nd</sup>) corn crop in Brazil is supportive. There is some talk the crop can handle a bit more dry weather until production losses materialize. However, the 10-day forecast calls for dryness which could put the crop at further risk. As well, there is talk that Brazil could soon be importing corn (if it isn't doing so already) due to aggressive export sales earlier in the year leaving feed users short on supplies. Additionally, logistical problems could develop amid social unrest if impeachment proceedings are viewed negatively by the general population (a distinct possibility in Brazilian politics).

US Slaughter	
434,000	Tuesday
427,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$64.45
National	\$67.77
Iowa/S. MN.	\$64.54
Signature 3	\$149.51
HyLife	\$152.85
Thunder Creek	\$149.39
Sig 3 4-Month Fwd.	\$ 172.73
<b>BoC Rate (Noon) prev. day</b> \$1.2656 CAD / \$0.7901 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		171.83 172.99	174.15 179.97	173.80 180.78	164.02 177.98	152.20 158.60	151.58 152.74	130.01 145.72	131.76 137.57	132.59 140.70	143.01 144.17
Soymeal Wpg Delivered	435	436	441	442	443	444	443	446	446		
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

CALL CRYSTAL FOR MORE INFO 204-235-2225

**LIGHT HOG PROGRAM!**

**ACCEPTING:**  
SOWS  
BOARS  
LIGHTS  
MARKET HOGS