



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 21, 2016

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↑

Corn: ↓ CDN Dollar: ↑

US Slaughter	
434,000	Wednesday
426,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$65.33
National	\$67.92
Iowa/S. MN.	\$65.59
Signature 3	\$151.21
HyLife	\$151.29
Thunder Creek	\$151.47
Sig 3 4-Month Fwd.	\$ 169.95
BoC Rate (Noon) prev. day \$1.2627 CAD / \$0.7920 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.)	

Forward contract prices opened lower this morning. US cash markets are adding to early week gains, with most of the regions reporting cash bids up \$1.00/cwt. Price trends appear to be matching the timing of a spring rally experienced a year ago when the cash bids made a 30% gain over 6 weeks starting mid-April. Stronger pork prices have contributed to the recent move, but it appears the USDA was overstating the value of the belly primal as they corrected yesterday's belly value by lowering it by \$11.00/cwt. While this correction may influence early morning futures trade lower, news of strong pork imports in China is expected to offset. Traders have already priced in a higher than average premium to the summer month contracts on ideas that demand will drive gains over the next two months. Should a rally in the US cash markets of \$3.00/cwt fail to materialize over the next week, producers should be covering more of their summer and fall production as this would indicate that the market is struggling at the start of what is typically a time of peak demand.

Canadian delivered soymeal prices opened higher this morning. The market is trading in a choppy pattern, following the recent 13.5% rally over the past three sessions, as traders start to question the value of contracts relative to fundamental supplies. It is true that 5%, and perhaps more of Argentina's crop, (the world's third largest soybean producer and major exporter) is at risk, and unsecured supplies are cited as a factor for the recent strength. However, the global demand picture is still bleak relative to other years and crop production will still be very high. In any event, the direction is far from clear; there is talk even more production could be lost fueling even more uncertainty.

US corn futures opened lower this morning. The US corn trade has turned lower and technical traders point to a very high relative strength index (RSI) at 83 as rationale for the change in direction. There is talk that the US weather premium currently priced into the trade may be too high, providing more validation for this morning's change. However, Brazil's production losses are far from certain and as long as uncertainty remains in the region, there will be some premiums keeping the downside in check. Export sales came in modestly higher than upper expectations increasing rumors that Brazil is importing corn from the US amid a concern over feed supplies.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		170.13 171.29	172.45 178.27	172.01 178.99	162.51 176.47	150.72 157.12	149.95 151.11	128.92 144.60	130.66 136.47	132.21 140.81	143.13 144.29
Soymeal Wpg Delivered	455	456	461	462	461	459	456	456	456		
Corn	Local delivered price available on request										

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