Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 22, 2016

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***Hog Prices*: ↑ *Soymeal*: ←→**

***Corn*: ↓ CDN *Dollar*: ↓**

US Slaughter	
437,000	Thursday
425,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	$66.27
National	$68.23
Iowa/S. MN.	$66.30
Signature 3	$154.39
HyLife	$151.62
Thunder Creek	$154.12
Sig 3 4-Month Fwd.	$ 172.32
BoC Rate (Noon) *prev. day*	$1.2710 CAD / $0.7868 USD
Cash Prices Week Ending April 23, 2016	
Signature 3	150.76/68.38
h@ms Cash	149.26/67.70
HyLife	n/a
Thunder Creek	148.20/67.22
ISO Weans	$40.74 US Avg.
Feeder Pigs	$76.45 US Avg.
#1 Export Sows (Tagged)	$39.00/cwt. (+500lbs.)

Forward contract prices opened higher this morning. *US cash prices appear to have developed a new trend, gaining approximately $3.00/cwt in trade over the last week. Packers needed to see support coming from wholesale pork prices before they were willing to add money to their cash bids. The move higher also coincides in timing with the spring rally experienced last year, when cash prices climbed 30% over the latter half of April and the month of May. Last year's rally came largely from an improvement in ham, rib and loin prices which gave packers the confidence to bid for more production. While cash market fundamentals have made marked improvements, nearby Lean Hog futures need to see sustained support in cash prices in order to make further gains. Part of this support could come from this afternoon's release of the USDA Cold Storage report which is expected to show just over 600 million pounds of pork in storage as at April 1st, 2016, which would be down slightly from last month and about 10% lower than last year's levels.*

Canadian delivered soymeal prices opened even this morning. *Factors influencing pressure on the bean complex this morning include profit taking amid the recent strength and thoughts of a market correction after the July meal contract experienced more than a 24% rally over the past 10 sessions; beans are at nine month highs. Strength came from news of better than expected Chinese demand, production losses in Argentina (currently hovering around 4MMT) and a reaction by end users to shore up supplies. However, large production in the US is expected and the world will be generally well supplied. The US weather will be watched closely and premiums could be quickly built back into the market as the season develops.*

US corn futures opened lower this morning. *There is talk of a reversal after sessions of support following news rain is expected for 60% of Brazil's Safrinha (2nd) corn crop. The crop could have suffered high losses if the recent dry spell was sustained much longer, but there was initial talk that extensive damage was not certain (yet) and that the rain will likely stabilize the developing crop and curb damage; this development will be closely watched. Technical indicators also point to a turn lower after the trade was recently pushed to its highest price level since the end of October. Supportive factors include thoughts that Brazil is currently importing feed supplies and higher than expected export sales.*

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		172.43 173.59	174.75 180.54	174.86 181.81	165.13 179.03	152.39 158.76	151.72 152.88	129.85 145.47	131.58 137.37	133.42 141.58	143.91 145.08
Soymeal Wpg Delivered	455	456	461	462	461	459	456	456	456		
Corn	Local delivered price available on request										