



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 25, 2016

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

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

US Slaughter	
2.241 mil.	Last Week
2.165 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$66.55
National	\$68.38
Iowa/S. MN.	\$66.59
Signature 3	\$154.61
HyLife	\$152.95
Thunder Creek	\$154.35
Sig 3 4-Month Fwd.	\$167.61
BoC Rate (Noon) prev. day \$1.2674 CAD / \$0.7890 USD	
Cash Prices Week Ending April 23, 2016	
Signature 3	150.76/68.38
h@ms Cash	149.26/67.70
HyLife	152.16/69.02
Thunder Creek	148.20/67.22
ISO Weans	\$40.62 US Avg.
Feeder Pigs	\$74.15 US Avg.
#1 Export Sows (+500lbs.)	\$39.00/cwt. (Tagged)

Forward contract prices opened lower this morning. US cash markets are expected to make moderate gains this week, consistent with last week's trend and the typical spring rally. While late week wholesale pork prices saw some weakness, the broader trend over the last two weeks has been supportive to packer profitability. Friday's release of the Cold Storage report will contribute to the bullish narrative, with all pork in storage reported as down about 8.5% from year ago levels. While inventory of ribs and loins (fresh product primarily consumed domestically) were higher, hams, bellies and shoulder cuts all experienced declines compared to year ago levels. Lean Hog futures are trading slightly lower in spite of the supportive inventory report, with traders unwilling to hold the June contract at an \$11.00/cwt premium to the cash market, larger than is typical for this time of year. However, forward prices for the late fall and winter are trading marginally higher and represent good value in the context of the heavy supply that is expected in this time period.

Canadian delivered soymeal prices opened lower this morning. There is speculation on the ability of the soybean market to maintain the bullish trend that began at the beginning of the month. Production losses in Argentina (currently estimated anywhere between 3-7MMT with some estimates over 10MMT) have been providing most of the rationale. However, Friday's remarkable reversal eliminated all of the gains in the past two sessions, and closed lower by more than 3% under the previous session (July contract) leading some to comment that the Argentine loss estimates are overblown; there is, after all, a lot of bean supplies still available in both hemispheres. However, if it turns out that Argentine losses are near the 7MMT mark and US weather becomes challenging, the bullish tone could return amid the uncertainty.

US corn futures opened higher this morning. Like the soybean trade, there is a lot of speculation, particularly on the US crop, heading into the season. There are some in the trade suggesting, rightfully so, that weather related premiums are a bit on the early side. In any case, the US corn trade appears to be trading higher due to the uncertainty. Brazil concerns have been subdued on news that 75% of the Safrinha crop (up from 60%) will receive much needed showers this week. For the US, ending stocks estimates for the 2016/17 season range between 2.211 billion bu. (a 29 year high using 168 bpa), 1.789 billion bu. (using trend-line 163 bpa) and a much lower 1.376 billion bu., which is possible if 'minor' weather disruptions develop.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		168.82	169.98 175.79	170.75 177.72	161.58 175.51	150.83 157.21	150.25 151.48	129.18 144.86	130.92 136.73	132.55 140.69	143.01 144.17
Soymeal Wpg Delivered	445	447	452	452	452	453	450	451	451		
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
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