



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 27, 2016

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↑

Corn: ↓ CDN Dollar: ↑

| US Slaughter | |
|---|-----------------------|
| 434,000 | Tuesday |
| 427,000 | Tuesday (year ago) |
| Daily Prices | |
| W. Corn Belt | \$67.61 |
| National | \$69.47 |
| Iowa/S. MN. | \$67.70 |
| Signature 3 | \$156.32 |
| HyLife | \$155.04 |
| Thunder Creek | \$156.18 |
| Sig 3 4-Month Fwd. | \$168.85 |
| BoC Rate (Noon) prev. day \$1.2614 CAD / \$0.7928 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 higher this morning. US cash markets made solid gains in trade yesterday, with all reporting regions adding more than \$1.00/cwt to their cash bids. Packers gained confidence in their short term margins prospects by seeing the pork carcass cut-out gain \$1.24/cwt in trade yesterday. Loins and ribs, the primal cuts most likely to be consumed fresh and in the domestic market, were some of the largest contributors to the gain in the benchmark index. Retailers are preparing for increased demand for barbecue cuts and are willing to pay more for the product to ensure they do not run short. Lean hog futures may see some support from talk that exports to China could increase to levels that would significantly impact cash prices. However, the premium that the summer month futures already hold to the cash market is larger than average for this time of year, and any new sales will serve to prevent further price declines and likely to limit gains to already seen highs. Producer focus should lie in the latter half of the year when supplies are likely to be burdensome on prices and possibly dip to below breakeven levels.

Canadian delivered soymeal prices opened higher this morning. The US soybean trade opened lower this morning but, the market lacks direction in the near term evident by the mixed trade later in the session. Supportive factors include some renewed interest from China, an Argentine harvest that is behind last year's pace by 30% and more talk of production downgrades due to flooding. One well respected analyst has pegged the Argentine crop at 57MMT, in line with other downgraded estimates. Pressuring factors include a lot of beans in the marketplace, thoughts that the Chinese are buying, but from Brazil rather than the US, and talk that if Argentina stays dry, harvest will pick up adding to a well supplied market.

US corn futures opened lower this morning. The US corn trade is facing some pressure on talk that feed wheat is currently cheap and abundant, and some news on stocks from other exporting countries. Russian exports are expected to increase to 3.879 MMT, up from 2.2 MMT last year, and Vietnam is expected to increase exports to 4.9 million up from 3.5 MMT last year. While not large relatively speaking, the increases nevertheless add to a well supplied market exhibiting meagre demand. Despite the recent forecast for rain in Brazil, 30% of the crop is still in need of moisture. As well, there are expectations the US planting pace will significantly slow this week, keeping the downside in check.

| Fixed Forward Range (at opening) | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|-------------------------------------|--|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 170.53 | 171.69 177.45 | 172.28 179.20 | 162.58 176.43 | 151.42 157.77 | 150.67 151.83 | 129.45 145.02 | 131.18 136.95 | 132.47 140.53 | 142.84 143.99 |
| Soymeal Wpg Delivered | 459 | 460 | 466 | 466 | 466 | 465 | 462 | 462 | 462 | | |
| Corn | Local delivered price available on request | | | | | | | | | | |

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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