



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

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 05, 2016

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Forward contract prices opened higher this morning. US cash markets gained nearly \$1.00/cwt in trade yesterday, reflecting a choppy trend that suggests mixed market fundamentals. While hog numbers this week are steady with last week's supplies, recent hog weights suggest that producers may be holding back hogs. With the recent market up turn, producers would be motivated to delay delivery in order to maximize profits through heavier carcass weights and wagering that the cash market would continue higher. Wholesale pork prices were near steady with a large loss in pork belly prices being offset by gains in primal ham values. Most lean hog futures are seeing gains this morning between \$0.25-\$0.50/cwt after yesterday's sharp drop. Summer and fall month contracts are holding a larger than average premium to the cash market, which suggests that further gains will only be seen if cash prices start making consistent gains. Sep-Feb forward contract prices have improved to the highest levels seen in approximately two months providing a good opportunity for producers to assure themselves of positive cash flow through the fall and winter timeframe.

Canadian delivered soymeal prices opened higher this morning. A wide 500 million bu. range of US ending stock estimates for next Tuesday's WASDE report is contributing to an uncertain tone in the trade, but expectations that global old crop ending stocks will come in lower than last month's estimates is supportive. Currently, Argentine meal is trading at a discount relative to the US product and for now, there is little concern of supply issues despite lower production estimates. However, a combination of increased Chinese demand, further downgrades to the S. American crop and US weather uncertainty is providing current support. **Canadian meal buyers should expect delivery delays due to competition in the US for trucks during planting.**

US corn futures opened lower this morning. While there are a number of supportive factors in the US corn futures trade, they have not been enough to offset the bearish tone driven by thoughts of large supplies expected in Tuesday's WASDE report. Old crop numbers are expected to come in around 1.8 billion bu. and new crop estimates currently range between 1.764 and 2.557 billion bu. Although the 793 million bu. range is quite wide, it is important to note the 'lower' estimate is still high in a relative sense, suggesting supply concerns are not at issue in the United States for now. Increased US ethanol production numbers and crop production downgrades in Brazil are limiting the downside.

US Slaughter	
433,000	Wednesday
417,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$72.77
National	\$73.18
Iowa/S. MN.	\$72.86
Signature 3	\$171.86
HyLife	\$168.38
Thunder Creek	\$171.68
Sig 3 4-Month Fwd.	\$ 176.93
BoC Rate (Noon) prev. day \$1.2884 CAD / \$0.7762 USD	
Cash Prices Week Ending April 30, 2016	
Signature 3	157.23/71.32
h@ms Cash	155.73/70.64
HyLife	155.53/70.55
Thunder Creek	151.90/68.90
ISO Weans	\$38.85 US Avg.
Feeder Pigs	\$71.96 US Avg.
#1 Export Sows (+500lbs.)	\$41.00/cwt. (Tagged)

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		182.84 188.73	183.08 190.14	171.27 185.38	157.43 163.90	156.70 157.88	134.60 150.47	136.36 142.24	137.71 145.96	145.96 149.49
Soymeal Wpg Delivered	491	497	496	492	492	487	487	487		
Corn	Local delivered price available on request									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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