



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 18, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
428,000	Tuesday
437,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$62.99
National	\$65.51
Iowa/S. MN.	\$63.00
Signature 5	\$152.48
HyLife	\$154.08
Britco	\$150.48
Thunder Creek	\$152.48

4-Mo. Sig5 Fwd	\$159.79
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BoC Rate (Noon) prev. day \$1.3060 CAD / \$0.7657 USD

Cash Prices Week Ending January 14, 2016	
Signature 3	144.04/65.34
Signature 4	145.33/65.92
Signature 5	144.68/65.63
h@ms Cash	143.18/64.95
HyLife	146.15/66.29
Britco	133.76/60.67
Thunder Creek	136.98/62.13

ISO Weans	\$51.28 US Avg.
Feeder Pigs	\$69.51 US Avg.
#1 Export Sows (+500lbs.)	\$30.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US negotiated hog prices made modest gains in yesterday's trade with most regions reporting prices at around \$63.00 USD/cwt; cash prices are up around 15% from year ago levels. The value of the pork cut-out is also trading at a 12-15% premium to year ago despite pork production running more than 3% larger than last year. Packer operating margins remain profitable even as cash bids have gained about 15% so far in 2017. With near-term forecasts for pork production estimated to be up 3-4% from 2016 levels, the volume of pork shipped to export markets needs to increase 10-15% in order to consistently clear the market of weekly production. This could be a tall order without price concessions in the wholesale pork trade which is why lean hog futures are factoring in a steady trend in the cash market over the next month. Producers without protection in the February – April timeframe should consider covering a third of their intended production at current prices to mitigate the uncertainty associated with expected ample supply and unreliable export demand.

Canadian delivered soymeal prices opened higher this morning. US soybean futures have backed off from the recent strength following news that the forecast in Argentina will be drier and thoughts that actual damage may not be as high as current markets suggest. Recall that Argentina losses last year were believed to be quite high initially, but the actual loss was closer to 3 MMT (i.e. not as high as at first thought). Using current trading values, there is talk the market has currently priced in losses that could surpass 3 MMT meaning if the damage is less so, the market could be poised for mid term pressure. Seasonal strikes are starting in Brazil; there is talk that two roads are being blocked in Mato Grosso, but these disruptions typically have shorter term consequences and do not materially change the supply situation except for disrupting pipelines.

US corn futures opened lower this morning. US corn futures have followed the bean trade lower after trading among high levels that were last seen in October of last year. Some reported sales yesterday and data showing cumulative sales are at 33.3% compared to a 31.7% five-year average were behind some of the recent strength. On the other side of the equation, talk that China could revert ethanol duties back up to 30% (from a previous 5% preferential duty) is also making the rounds although no official announcement has been made. There is speculation, however, that the rumor is behind some recent ethanol cancellations that until recently, saw Chinese imports only behind those of Canada and Brazil.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		147.48 147.48	147.01 149.25	151.19 162.57	161.79 176.73	173.32 182.38	173.71 182.10	166.36 174.65	151.46 159.93	148.87 151.70	134.25 145.84	131.83 139.94
Soymeal Wpg Delivered.	498	498	498	520	520	518						

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and **all pricing is subject to verification.** Any unauthorized distribution is strictly prohibited.

WINNIPEG LIVESTOCK HWY #6 AND RD 236

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