



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 19, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened higher this morning.** US cash markets made modest gains in yesterday's trade amid hog supplies that continue to outpace year ago levels by about 4%. Pork production compared to year ago levels is slightly lower due to carcass weights dropping approximately two pounds compared to the previous year. Packer operating margins are still profitable, estimated at over \$30 USD/hog, but this value represents half the margin that packers were yielding just three weeks ago. Summer month lean hog futures have failed to break through upside resistance for three consecutive days after trading at their highest level since mid-July. Given that forecasted supply is expected to stay well above year ago levels, traders may be concerned with the uncertainty in growing pork exports at a rate large enough to clear the market of inventory. President Trump's anti-trade rhetoric does not instill confidence the trade environment will be conducive to this growth, and could be a factor in the coming months.

**Canadian delivered soymeal prices opened higher this morning.** While technical indicators and open interest activity suggest more support is eminent, US soybeans are trading lower as of this writing. The extent to which the downward pressure will be sustained remains to be seen as a 60 million bushel decrease in ending stocks and persistently wet weather in Argentina remain bullish forces. However, there is talk the reaction to Argentine weather could be an overblown duplication of last year when 10 MMT in production were believed to initially be at risk, whereas the final analysis showed only ~2 MMT were lost. There is talk the potential damage is estimated around 3MMT this year, but also that production in Brazil should offset. A drop in the Canadian dollar yesterday, however, means Canadian meal is up approximately \$5 CAD/MT today.

**US corn futures opened lower this morning.** US corn futures are trading in an upward trend since the release of the January WASDE report, but the market remains choppy in the day to day. Corn futures initially opened with a bit of strength today, but are trading lower as of this writing. News from the ag press showing Brazil will produce 33 MMT more corn this year over last is commonplace, but one must remember the relatively meagre production from 2016 was down by, essentially, a likewise amount. While the Argentine weather is supportive, it is thought that Brazil production, now estimated near 90 MMT, will offset losses from it's southern neighbour.

US Slaughter	
440,000	Wednesday
430,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	\$63.36
National	\$67.18
Iowa/S. MN.	\$63.39
Signature 5	\$155.08
HyLife	\$154.41
Britco	\$152.77
Thunder Creek	\$155.08
4-Mo. Sig5 Fwd	\$160.97

**BoC Rate (Noon) prev. day**  
\$1.3177 CAD / \$0.7589 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)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.22 148.22	147.33 149.61	151.58 163.42	163.71 178.94	175.46 184.69	176.74 184.41	169.97 178.42	154.05 162.69	150.15 153.00	135.24 146.96	132.79 140.99
Soymeal Wpg Delivered.	504	504	504	527	527	527						

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

**ACCEPTING:**  
SOWS  
BOARS  
LIGHTS  
MARKET HOGS

**CALL CRYSTAL FOR MORE INFO 204-235-2225**