



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 20, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Thursday
440,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$63.38
National	\$67.81
Iowa/S. MN.	\$63.43
Signature 5	\$157.65
HyLife	\$157.27
Britco	\$154.63
Thunder Creek	\$157.65
4-Mo. Sig5 Fwd	\$160.46
BoC Rate (Noon) prev. day \$1.3329 CAD / \$0.7502 USD	
Cash Prices Week Ending January 21, 2016	
Signature 3	151.90/68.90
Signature 4	155.02/70.32
Signature 5	153.46/69.61
h@ms Cash	151.96/68.93
HyLife	n/a
Britco	146.56/66.48
Thunder Creek	144.68/65.63
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 regional cash markets traded near steady over the last week, gaining about \$0.50 USD/cwt since last Thursday. Over the same timeframe, the National price, which includes prices derived from formulas not referencing negotiated hog prices, climbed by \$4.00 USD/cwt. Prices of wholesale pork have been relatively unchanged over the week, as have lean hog futures, suggesting that the compiled National price saw significant influence from a change in the futures month reference and the feed market. Weekly pork exports to Mexico reflect an impressive volume of sales, with recent activity spiking in advance of the inauguration of Donald Trump. There is significant uncertainty on the future of trade with Mexico associated with the new administration due to the promises by Trump to renegotiate NAFTA early in his presidency. Should a trade dispute develop over the coming weeks, US pork prices would likely suffer due to ideas that Mexican exports would decline. Hog producers should consider pricing up to half of their spring production at the currently profitable prices, in order to mitigate this risk.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower this morning on some news of improving weather in Argentina. Recent flooding has seen Argentine officials lower production estimates to 52.9 MMT from the previous 54 MMT (compared to the USDA's 57 MMT estimate). While production is still on pace with the five-year average, it is also one of the 'top five' production numbers on record meaning a lot of beans could still be on the way. Regardless of direction today, the lower trade hasn't made much of a dent in the prices for Canadian soymeal buyers due to a recent drop in the Canadian dollar. Canadian meal buyers are seeing prices as much as \$35 CAD/MT higher than last Friday.

US corn futures opened higher this morning. The trend for US corn futures is to finish stronger for the week. Corn planted in Argentina is now estimated at 95.3% and while there has been some regional flooding that could see many acres lost, global corn production is pegged to rise to 1.042 billion bu. according to the International Grains Council, up from previous estimates. In sum, there is a lot of corn in the marketplace and the general consensus is that it would take a sustained and severe weather event to support prices much higher based on the fundamentals.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.43 148.43	146.74 149.03	151.01 162.96	163.01 178.29	174.80 184.06	176.84 183.77	169.48 177.97	155.77 164.46	152.02 154.89	137.50 149.29	135.04 143.29
Soymeal Wpg Delivered.	505	505	505	528	528	528						

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WINNIPEG LIVESTOCK HWY #6 AND RD 236

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