



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 23, 2017

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

US Slaughter	
2.324 mil.	Last Week
2.305 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	\$63.58
National	\$67.74
Iowa/S. MN.	\$63.70
Signature 5	\$157.92
HyLife	\$158.90
Britco	\$155.40
Thunder Creek	\$157.92

4-Mo. Sig5 Fwd	\$159.98
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BoC Rate (Noon) prev. day	\$1.3339 CAD / \$0.7497 USD
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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	155.18/70.39
Britco	146.56/66.48
Thunder Creek	144.68/65.63

ISO Weans	\$53.41 US Avg.
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Feeder Pigs	\$67.67 US Avg.
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#1 Export Sows (+500lbs.)	\$30.00/cwt. (Tagged)
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Forward contract prices opened mostly lower this morning.

US cash markets remain in the steady trend established over the last two weeks despite significant uncertainty surrounding export sales going forward. Hog supplies have eased slightly, but are expected to maintain a 3-4% increase over year ago levels which makes the US industry more reliant on the export sector for clearing pork inventory. Packers still have strong incentives for maximizing their production capacity as gross operating margins are still running at ~\$33 USD/cwt. per hog. Lean hog futures are trading lower this morning with the market anticipating increased uncertainty in the export trade following President Trump's comments on renegotiating NAFTA. It is difficult to envision a scenario where the US pork industry improves its position in global trade under the Trump administration. As a specific example, trade with Mexico appears riskier given that if a trade war starts, pork would likely be among the first products to be hit with a tariff from Mexico. Observing the added uncertainty, forward contract prices for the spring and summer timeframe represent reasonable value and producers should consider hedging some of their price risk.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading lower to start the week; the nearby contract was showing double digit losses in the early morning trade. There are two principle factors that have contributed to the weakness. First, Argentine weather has improved somewhat and the wet areas of concern are starting to dry out. Second, there is evidence the hedge funds have been actively buying commodities, but there are now rumors that the activity could swiftly turn around. If the weather in Argentina specifically (and South America more broadly) improves sufficiently enough that production levels are no longer a concern, the hedge fund selling could initiate the start of a turn lower.

US corn futures opened lower this morning. The negative sentiment in beans and wheat has carried over into the corn market which actually needs little incentive maintain its bearish tone. Large production volumes are at the forefront of the sentiment and if the weather in South America sustains the more positive turn around, supply fears are far from being an issue. Furthermore, there is evidence that 2016 US corn exports to China were 33% lower than 2015 and while ethanol was up to the region, there is talk that the Chinese are poised to implement a 30% tax on US ethanol (up from 5% last year) in an effort to incent domestic processors to utilize the large quantity of poor quality state corn currently in reserve.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		146.85	144.28 146.56	148.53 160.44	160.49 175.72	173.88 181.48	174.25 181.19	167.31 175.76	155.15 163.79	152.04 154.90	137.53 149.31	135.07 143.31
Soymeal Wpg Delivered.	499	499	499	523	523	524						

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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