



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 26, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↓

Corn: ↓ CDN Dollar: ↑

Forward contract prices opened mostly higher this morning.

US cash markets are trading steady this week as packers are content to hold the line on their production schedules, knowing that hog supplies are experiencing their normal tightening trend. Wholesale pork prices appear to have broken out of the trading range that has been intact for the last month, observed when the value of the pork carcass cut-out rallied past the highest value seen since July. Support came from pork bellies and hams which have both gained about 10% of their value over the last week. Demand indicators suggest ongoing year-over-year growth as we are producing more pork, reducing cold storage inventory, and selling it for higher prices than year ago levels. Nearby lean hog futures surged higher yesterday, possibly playing catch-up to the positive market fundamentals. While there is significant uncertainty coming from future trade policy under the new Trump Administration, current market fundamentals support the bullish move which could provide better pricing opportunities for the spring/summer timeframe. Producers should prepare for increased volatility in the hog forward prices in coming weeks and therefore should utilize targets as a means to capture these prices.

Canadian delivered soymeal prices opened lower this morning.

US soybeans are trading lower, mostly on thoughts that the weather premium is a bit too high in the face of improving S. American weather. There are, of course, localized areas of concern, but for the most part, the areas that were too dry will be getting some rain (80% coverage), and the areas with too much rain have begun to dry out. Production worries from Argentina are starting to subside somewhat as production levels from some private firms are now estimating between 51 and 53 MMT. If production comes in near the higher range, it will be the 4th largest volume produced from Argentina on record.

US corn futures opened higher this morning. Like beans, the improving weather patterns south of the equator are pressuring the trade as concerns about production estimates are fading and some rumors about China re-entering the corn market after the Lunar New Year holiday. Rumors that the state run grain agency will buy as much as 10 MMT of corn run counter to the narrative of imposing higher import tariffs and an attempt to utilize current stocks of corn in domestic ethanol production. However, no one has said officially that the purchase (if there is one) will be for US corn, and the state stored corn stocks in China are believed to be of poor quality.

US Slaughter	
436,000	Wednesday
438,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	\$63.98
National	\$68.63
Iowa/S. MN.	\$63.90
Signature 5	\$156.30
HyLife	\$158.85
Britco	\$152.80
Thunder Creek	\$156.30

4-Mo. Sig5 Fwd	\$163.95
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BoC Rate (Noon) prev. day	
\$1.3075 CAD / \$0.7648 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	155.18/70.39
Britco	146.56/66.48
Thunder Creek	144.68/65.63

ISO Weans	\$53.41 US Avg.
Feeder Pigs	\$67.67 US Avg.
#1 Export Sows (+500lbs.)	\$33.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		151.25	153.52 154.58	154.73 163.21	163.07 176.88	173.46 182.55	174.25 182.27	167.01 175.31	154.02 162.50	151.60 154.43	137.73 149.34	135.30 143.43
Soymeal Wpg Delivered.	482											

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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