



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 27, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
436,000	Thursday
432,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$63.87
National	\$68.87
Iowa/S. MN.	\$64.66
Signature 5	\$156.80
HyLife	\$158.48
Britco	\$154.96
Thunder Creek	\$156.80

4-Mo. Sig5 Fwd \$157.73

BoC Rate (Noon) prev. day
\$1.3104 CAD / \$0.7631 USD

Cash Prices Week Ending January 28, 2017	
Signature 3	154.36/70.02
Signature 4	159.76/72.47
Signature 5	157.06/71.24
h@ms Cash	155.56/70.56
HyLife	n/a
Britco	152.93/69.37
Thunder Creek	153.46/69.61

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

Forward contract prices opened lower this morning. US negotiated cash markets improved over the week with most regions gaining between \$0.50 and \$1.00 USD/cwt. Wholesale pork prices made solid gains over the week, taking the pork carcass cut-out value to the highest level since July. Driving this recent support has been the pork belly primal, which has seen its value surge about 60% over the last month. The primal cuts have struggled to maintain their value, as production continues to exceed year ago levels by more than 3%. Lean hog futures rallied sharply early in the week as they started to factor in the strong demand for pork bellies, but all gains were lost in yesterday's trade as prices dropped to near the daily limit. The market was responding to news that the planned meeting to discuss NAFTA between President Trump and Mexican President Pena Nieto was cancelled. This development signals an escalation in the chance of a trade war between Mexico and the United States and would have negative consequences to the pork market. Mexico purchases approximately 8% of all US pork produced, making it the largest foreign destination for US pork. Producers should be prepared for significant swings in forward contract prices over the coming weeks as the market reacts to news on this issue.

Canadian delivered soymeal prices opened lower this morning. US soybean futures continue to come under pressure, now that the weather in Argentina has improved. Although significant damage may have been done to areas impacted by excessive rainfall earlier, the net production estimates for the country are now pegged at 53.5 MMT by the Buenos Aires Grains Exchange, tying the volume with 2013 levels, the third highest level on record. Despite some earlier dryness concerns, Brazil growing conditions have been near ideal recently and production estimates from the region keep being raised. They are now coming in between 104 and 106 MMT and even the lower range in this estimate would represent the highest production from Brazil on record.

US corn futures opened lower this morning. While mild recovery in other commodities has taken place following the apparent frosting over of relations between USA and Mexico, trade relations between the two nations are very much a concern and have contributed to the ongoing pressure in US corn futures that continues as of this writing. As well, improving weather in South America is lending to the old adage that 'big crops get bigger'. Without a major weather disruption, there will likely be a lot of corn grown in the western hemisphere in 2017; and without strong demand for corn or products derived from corn (i.e. ethanol), the market will find it difficult to shake off the bearish tone.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		147.81	146.75 147.81	147.96 156.47	157.11 170.92	167.49 176.58	170.02 176.39	163.62 171.95	151.89 160.41	148.49 151.32	135.20 146.79	132.77 140.89
Soymeal Wpg Delivered.	481	481	481									

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

CALL CRYSTAL FOR MORE INFO 204-235-2225

ACCEPTING: SOWS BOARS LIGHTS MARKET HOGS