



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 30, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
2.367 mil.	Last Week
2.320 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	\$64.59
National	\$69.08
Iowa/S. MN.	\$64.89
Signature 5	\$157.96
HyLife	\$159.32
Britco	\$155.56
Thunder Creek	\$157.96

4-Mo. Sig5 Fwd	\$161.77
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BoC Rate (Noon) prev. day
\$1.3108 CAD / \$0.7629 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	159.05/72.14
Britco	152.93/69.37
Thunder Creek	153.46/69.61

ISO Weans	\$53.57 US Avg.
Feeder Pigs	\$69.78 US Avg.
#1 Export Sows (+500lbs.)	\$33.00/cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets were firmer last week and are anticipated to continue the bullish trend in early trade this week. Last week's hog slaughter was estimated at 2.367 million hogs, and with average carcass weight climbing to 213 lbs. (the same as year ago), weekly pork production was about 2% larger than the same week last year. Indications continue to suggest that pork demand is performing very well given that wholesale prices are about 7% higher than last year, and the market is drawing down pork inventory. However, traders are hesitant to work these positive fundamentals into lean hog futures as the Trump administration's trade policies and border protection plans threaten to impact pork exports to Mexico, the largest destination for US pork sold abroad. This morning's trade is seeing influence from a 17% increase in December feeder cattle placements over last year, which suggests we will see a significant increase in beef production by late summer accompanied by bearish price pressure.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower this morning although the move could be relatively contained. Last week, the weather in Brazil was described as ideal, but this morning, market watchers are quick to point out that there could be too much rain on the way in a couple of key growing regions, potentially preventing a sell off that was discussed even as early as last week. Argentina needs timely rain at this point too, and either too much or too little could threaten production volumes. Of course, officials point to record (or near record) production estimates currently and the daily swings will likely not settle until more concrete yield numbers start to come in and trade dynamics become more defined.

US corn futures opened lower this morning. Like beans, US corn futures are starting the week off on a weaker note. There is increasing concern that the rhetoric coming from the new US administration could lead to a testy, if not outwardly hostile, trading relationship for some of the USA's biggest ag customers. Mexico is a concern as it is the number one destination for US corn exports currently, and if the hostilities continue, there are thoughts Mexico could look elsewhere for its corn needs. China, too, has already put into force an import tariff on US ethanol (up to ~30% from last year's 5%). This is seen as a negative development in the trading relationship, although there is talk this is just a move to incent Chinese blenders to use up the corn stocks in state reserves.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			149.16 150.23	150.37 158.91	159.59 173.41	169.99 179.08	172.56 178.94	166.11 174.45	154.30 162.83	151.25 154.08	137.17 148.79	134.74 142.87
Soymeal Wpg Delivered.	468	468	495	495	505	499						

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