



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 03, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
440,000	Thursday
405,000	Thursday (year ago)

Daily Prices	
W. Corn Belt	\$68.76
National	\$70.51
Iowa/S. MN.	\$68.79
Signature 5	\$163.51
HyLife	\$162.43
Britco	\$163.79
Thunder Creek	\$163.51

4-Mo. Sig5 Fwd	\$162.63
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<b>BoC Rate (Noon) prev. day</b>	
\$1.3019 CAD / \$0.7681 USD	

Cash Prices Week Ending February 4, 2017	
Signature 3	159.45/72.33
Signature 4	161.66/73.33
Signature 5	160.55/72.83
h@ms Cash	159.05/72.14
HyLife	n/a
Britco	154.38/70.03
Thunder Creek	157.06/71.24

ISO Weans	\$53.57 US Avg.
Feeder Pigs	\$69.78 US Avg.
#1 Export Sows (+500lbs.)	\$32.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US negotiated cash markets moved steadily higher this week, adding more than \$4.00 USD/cwt in the past week's trade. Packers have incentives to increase their bids and secure higher production levels while wholesale pork prices continue to make gains (pork bellies are trading at prices 70% higher than two months ago). The longer term market outlook and the recent cash market trend are at odds with each other as cash markets are making gains not typical of this time of year. There are a growing number of uncertain factors that could negatively impact prices over the next 6 months. A larger than expected hog and cattle supply is expected to lead to more abundant meat in North America, which will increase a reliance on export sales. However, increased exports could be at risk given greater volatility in exchange rates and uncertain US trade policy. Producers should look to secure a portion of their hog production cash flow by building and maintaining a forward position on one third of their intended production, utilizing targets.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower in a market that has exhibited features of a bearish tone for the mid term. Short term volatility is expected especially as the rhetoric surrounding unknown US trade policy ramps up. Regardless, the seasonal global demand shift from the US to South America looms and Chinese buyers are expected to look southward when more normal buying patterns emerge following Lunar New Year holidays. As well, Brazil production should more than offset any Argentine losses, and while more rain is expected in the previously flooded areas, 'new' flooding will likely to be contained to areas previously impacted meaning no new losses are expected.

**US corn futures opened lower this morning.** US corn futures are trading lower this morning. There have been a number of articles in the ag press suggesting that Mexico (the number one export destination for US corn), is likely looking at sourcing its corn needs from alternative markets, Brazil being pegged as the next logical supplier. New money at the beginning of the month led to a boost in the trade that is now hovering around four month highs. However, the market is now poised for a turn lower and even though demand remains relatively constant (with support from the ethanol sector), it will be difficult for the market to move higher without a serious weather event in S. America and/or strong(er) demand in export markets.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		150.35 151.40	151.57 160.07	160.23 173.94	170.54 179.56	171.62 179.28	165.07 173.33	153.25 161.70	150.48 153.29	134.46 146.01	135.64 140.13
Soymeal Wpg Delivered.	464	464	490	490	502						

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**WINNIPEG LIVESTOCK HWY #6 AND RD 236**

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