



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 08, 2017

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

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

US Slaughter	
443,000	Tuesday
442,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$70.02
National	\$72.43
Iowa/S. MN.	\$70.07
Signature 5	\$169.14
HyLife	\$167.22
Britco	\$168.74
Thunder Creek	\$169.14
4-Mo. Sig5 Fwd	\$171.46
<b>BoC Rate (Noon) prev. day</b> \$1.3167 CAD / \$0.7595 USD	
Cash Prices Week Ending	
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	161.23/73.13
Britco	154.38/70.03
Thunder Creek	157.06/71.24
ISO Weans	\$54.01 US Avg.
Feeder Pigs	\$72.76 US Avg.
#1 Export Sows (+500lbs.) \$29.00/cwt. (Tagged)	

**Forward contract prices opened higher this morning.** US cash markets continue their higher trend with regionally negotiated hog prices hitting the benchmark of \$70 USD/cwt in trade yesterday. The hog supply is running approximately 4.5% higher than year ago levels, but wholesale pork markets are easily being cleared of the added inventory with the help of increased export volumes. Yesterday, the USDA released its latest export sales data from December which confirmed the beliefs of many traders that sales have been exceptional. In fact, export volumes were up about 15% from December 2015 with several countries taking significantly larger quantities. Mexico, South Korea and China all increased their purchases significantly compared to year previous, despite wholesale pork prices averaging higher levels. Lean hog futures are being supported by the strong cash market fundamentals and the recent bullish export sales data, but there is resistance in moving beyond the previous contract highs. All of the spring and summer month contracts are within \$0.50 USD/cwt of contract highs, but there is significant selling pressure at these levels that is currently preventing a breakout higher. Producers should look to build their forward position for the spring/summer timeframe adding incremental protection of 20% of production on gains of \$5.00 CAD/ckg.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. Some of the support has been attributed to Chinese buyers re-entering the market following the Lunar New Year holiday. Demand remains decent and the seasonal shift to South American suppliers appears to not have materialized in full force just yet, supporting the US trade. However, export activity in Brazil is already set to a record pace and there is news they could ship 4.7 MMT in February. There is also talk that the large funds could be poised to add to their long positions that would support prices. All eyes will be on tomorrow's WASDE report that will be released at 11:00AM Central time.

**US corn futures opened lower this morning.** After passing a benchmark technical indicator yesterday (moving above the 200-day moving average for first time in seven months, a technical 'buy' signal), US corn futures are once again trading lower this morning. Expectations of large supplies in tomorrow's WASDE report and some ideas that mid-to-longer term demand could taper off are pressuring. Questions revolving around US trade policy is adding some uncertainty although an article appeared in an ag publication this stating that a large grain company does not see an 'imminent trade war' with Mexico.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		158.15 159.21	159.38 167.99	167.02 180.90	177.46 186.30	172.72 186.31	170.31 178.67	159.24 167.80	155.97 158.80	139.78 151.43	140.96 145.50
Soymeal Wpg Delivered.	477	477	504	504	508	500					

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

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