



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 13, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
2.364 mil.	Last Week
2.278 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$71.23
National	\$73.96
Iowa/S. MN.	\$71.20
Signature 5	\$171.17
HyLife	\$171.06
Britco	\$170.25
Thunder Creek	\$171.17
4-Mo. Sig5 Fwd	\$169.21
BoC Rate (Noon) prev. day \$1.3074 CAD / \$0.7649 USD	
Cash Prices Week Ending February 10, 2017	
Signature 3	168.82/76.58
Signature 4	168.23/76.31
Signature 5	168.53/76.44
h@ms Cash	167.03/75.76
HyLife	168.12/76.26
Britco	160.66/72.87
Thunder Creek	160.55/72.83
ISO Weans	\$54.07 US Avg.
Feeder Pigs	\$72.13 US Avg.
#1 Export Sows (+500lbs.) \$29.00/cwt. (Tagged)	

Forward contract prices opened mixed this morning. US negotiated cash hog markets are expected to resume their bullish trend this week after a setback on Friday that had packers drop their bids by close to \$1.00/cwt in the Midwest. Hog slaughter maintained its growth trend of 3-4% higher than year ago levels with last week's total coming in at 2.364 million hogs, 3.7% larger than the same week in 2016. Summer month lean hog futures experienced resistance in making further gains last week, after hitting new contract highs. But this move is not consistent with the current cash market fundamentals which have taken the February contract to new highs and resulted in the narrowest spread between winter and summer months in years. The market is hesitant to apply a normal premium to the summer months when they are relatively certain that supplies will be up 4%, but are relatively uncertain about demand (export demand specifically). If demand related factors in the cash market maintain their current impressive gains over last year, summer month contracts have potential for significantly more gains. Producers would be prudent to add summer and fall price protection incrementally, adding hedges of 20% of intended production at targets \$5.00 and \$10.00 CAD/ckg higher than current forward prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures have opened slightly lower this morning, but the continued buying has maintained a bullish tone. There are reports the weather premium has been calculated near \$1.00 USD/bu. and that one of the greatest threats would be for a long liquidation to materialize, especially if no disrupting weather events develop and investors look elsewhere. However, end users keep buying product in both North and South American supply markets. South American weather looks non threatening for the most part; Brazilian harvest is near 18% complete (46% in the Mato Grosso region) and while harvest numbers have not yet come in for Argentina, the crop has been rated 77% in good/excellent condition.

US corn futures opened lower this morning. Like beans, US corn futures have opened the session lower to start the week, but this development is a bit misleading due to the fact that the corn market has been on an upward trend for the past month (generally). The support has been attributed to residual support in other commodities along with thoughts that some buyers are shoring up supplies before any tangible trade issue develops. There is some cautioning talk suggesting there could be a large sell off, particularly if a trade issue develops at the same time a large South American crop is harvested. In the meantime, second (Safrinha) crop corn is 47% planted in Brazil, which is considered ahead of normal.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		154.95 155.42	155.59 164.13	163.51 177.31	173.89 182.97	174.65 182.69	166.93 175.24	156.68 165.18	153.63 156.45	138.22 149.82	135.80 143.91
Soymeal Wpg Delivered.	483	483	511	511	514	517					

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