

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 14, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
445,000	Monday
416,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$72.67
National	\$74.36
Iowa/S. MN.	\$72.97
Signature 5	\$173.31
HyLife	\$171.10
Britco	\$174.44
Thunder Creek	\$173.31
4-Mo. Sig5 Fwd	\$168.61
BoC Rate (Noon) prev. day	
\$1.3071 CAD / \$0.7651 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.)	\$25.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets gained about \$1.50 USD/cwt in yesterday's trade in a market that is supported by packers competing aggressively for uncommitted hogs. Yesterday's daily slaughter was estimated at 445,000 hogs which was nearly 7% larger than last year. Packers are still benefitting from positive operating margins and are attempting to secure the uncommitted supply ahead of the summer when the first of the two new plants are expected to come online in Sioux City, Iowa. Large year-over-year increases in supply are currently being matched with large year-over-year increases in demand, but with these major shifts in market fundamentals comes the potential for greater price fluctuations. Any major change to the current demand situation such as a change in US trade/tax policy, would likely trigger significant losses in both cash and forward prices. With such significant uncertainty, producers would be prudent to build a hedge position incrementally with 20% of summer and fall production covered on gains of \$5.00 CAD/ckg.

Canadian delivered soymeal prices opened lower this morning. After approaching the upper end of the most recently established trading range, US soybean futures have once again turned lower for the time being. There are rumors that managed money may liquidate large long positions which is seen as preventing any bullish momentum in the short term and could pressure if the move is sudden. Also pressuring the trade are ideas that harvest is ahead of last year's pace in Brazil and non-threatening weather for the majority of growing regions in South America. Export demand will be closely watched as a seasonal demand shift to S. America is expected soon and US farmers could be incented to sell ahead of the shift.

US corn futures opened lower this morning. Once again, in deceiving fashion, US nearby corn futures are trading lower (than yesterday's close) this morning, but the market is at the upper end of the trading range in a pattern that has seen the trade push higher day over day since the beginning of the month (and indeed, since the start of the new year). There is talk that speculators are currently active buyers at a time when they typically take some new positions in their portfolios. Bullish factors include thoughts that US acreage will be lowered this year, but a major bearish factor includes thoughts the Mexican Agriculture Minister is in negotiations with Brazilian counterparts on sourcing more (most?) of their corn requirements from Brazil for an undetermined amount of time.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		153.89 154.36	154.53 163.04	163.16 176.94	173.52 182.59	174.75 182.31	167.27 175.58	156.68 165.17	153.53 156.35	138.76 150.34	136.34 144.44
Soymeal Wpg Delivered.	479	479	507	507	511	504					

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.

Hams Marketing Services will be closed Monday, February 20 for Louis Riel Day.

The HMO and Opening Price Report will likewise not be published.

Normal business resumes on Tuesday, February 21.