



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 15, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↔

Corn: ↓ CDN Dollar: ↓

US Slaughter	
434,000	Tuesday
437,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$73.75
National	\$75.01
Iowa/S. MN.	\$73.78
Signature 5	\$175.66
HyLife	\$172.56
Britco	\$176.67
Thunder Creek	\$175.66
4-Mo. Sig5 Fwd	\$171.22
BoC Rate (Noon) prev. day \$1.3093 CAD / \$0.7638 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 higher this morning. US cash markets continue to make gains as packers compete for the uncommitted supply of hogs. Most regional prices added another \$1.00 USD/cwt in yesterday's trade with bids supported by gains in wholesale pork prices. Lean hog futures are factoring in a cash market decline of about \$4.00 USD/cwt over the next two months, which is at odds with the current market fundamentals. Traders have a high degree of certainty that the hog supply will run about 4% higher than year ago levels, however several demand factors are highly uncertain. While pork exports have shown excellent performance over the last 2 months, if the Trump Administration continues to push tax reforms that would enact a 20% border tax on imports, exports would suffer due to retaliatory tariffs being applied to US pork. In addition, it will be difficult to sustain pork bellies at \$180 USD/cwt, which has been a key factor in supporting pork prices. Summer month lean hog futures are trading at or near contract highs this morning. Should these months break through the technical resistance that has capped them at current prices, upside potential could take summer month hog values to \$200 CAD/hog (when index value is included). Producers should continue to grow their summer/fall hedge position on increments of 20% of their production with market gains of \$5.00 CAD/ckg.

Canadian delivered soymeal prices opened even this morning. The US soybean market is expected to trade at the upper end of the trading range in the short term until some uncertainty subsides. There is more rain forecast for Argentina (expected Thursday and Friday), but many in the market have already expressed ideas that the weather premium is currently quite high (maybe even too high). However, Rosario Grains Exchange has reduced production estimates to 54.5 MMT and there is news 400,000 acres have been 'lost' due to previous issues in the province of Santa Fe. On the other hand, Brazilian production is expected to more than offset any reductions in Argentina, now pegged at 105.6 MMT, a new record.

US corn futures opened lower this morning. Some pressure has returned to the US corn futures market on renewed fears that the recent bird flu outbreak in China could curb feed demand. As well, production from South America is expected to be quite large; Argentina is estimated to produce 36 MMT while Brazil is pegged at 86 MMT. If this turns out to be true, it would represent a 26 MMT increase in production from the region over last year. However, recall that Brazil's corn production was dismal in 2016 and amounted to numbers that were lower by approximately an equal amount.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		159.89 160.01	158.48 165.34	134.99 178.78	175.36 184.43	177.31 184.15	169.76 178.09	158.25 166.76	154.79 157.61	138.88 150.46	136.46 144.57
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.