



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 16, 2017

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

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

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

US Slaughter	
433,000	Wednesday
436,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$74.17
National	\$75.56
Iowa/S. MN.	\$74.19
Signature 5	\$176.68
HyLife	\$174.12
Britco	\$177.53
Thunder Creek	\$176.68
4-Mo. Sig5 Fwd	\$169.70
<b>BoC Rate (Noon) prev. day</b> \$1.3084 CAD / \$0.7643 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 prices continue to be supported by strong packer demand despite the abundant supplies. The start of 2017 marked a turning point in US packer procurement strategy which has resulted in sharp rally in cash bids even as these increase have cut into their own operating margins. Packers are benefitting from higher plant utilization rates due to the abundant supplies and strong by-product values which are making positive contributions to their operating margins. Lean hog futures have experienced high volatility and have been hesitant to price in the strong cash market fundamentals. There is conflict with the longer term outlook of uncertain demand which is comprised of uncertain export sales due to trade policy and high pork belly prices that appear unsustainable at current price levels. The market is not providing a hedging opportunity for the March/April timeframe, but producers should consider growing 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 higher this morning.** US soybean futures have opened lower for the third session in a row this morning. While there is arguably a large weather premium currently built into the market, as well as thoughts that managed money has not yet engaged in the anticipated sell off suggested earlier, a slowing down of demand (especially from China amid low crush margins and fears of increasing bird flu impact on feed) and large crop expectations from South America are pressuring. In fact, new, private numbers out this morning suggest Brazil could produce as much as 109 MMT, a record level that comes in 5 MMT higher than the USDA's last estimate which was also recently revised upward.

**US corn futures opened lower this morning.** Although US corn futures have opened lower than the previous session's close, the US corn market remains in a remarkable upward trend that is now seeing its highest levels since July. Demand from ethanol and feed sectors have been behind some of the recent support, and even as ethanol numbers were down from previous week, they are up 6.67% over last year. As well, some second (Safrinha) crop planting delays in Brazil due to some recent wet weather have been supportive for the near-to-mid term. Some bearish forces to watch out for include the impacts of bird flu, large S. American production and uncertain demand due to uncertain US trade policy.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		158.03 158.15	156.62 163.46	163.69 177.46	174.05 183.11	176.13 182.83	169.17 177.47	157.66 166.14	155.01 157.83	138.97 150.56	136.55 144.66
Soymeal Wpg Delivered.	489	489	515	515	519	512					

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.