



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 21, 2017

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

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

US Slaughter	
2.363 mil.	Last Week
2.288 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	\$74.00
National	\$76.63
Iowa/S. MN.	\$74.05
Signature 5	\$178.15
HyLife	\$176.11
Britco	\$177.63
Thunder Creek	\$178.15

4-Mo. Sig5 Fwd	\$171.69
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BoC Rate (Noon) prev. day	
\$1.3116 CAD / \$0.7624 USD	

Cash Prices Week Ending February 18, 2017	
Signature 3	175.52/79.62
Signature 4	174.07/78.96
Signature 5	174.79/79.28
h@ms Cash	173.29/78.60
HyLife	173.25/78.59
Britco	170.30/77.25
Thunder Creek	168.53/76.44

ISO Weans	\$53.40 US Avg.
Feeder Pigs	\$72.11 US Avg.
#1 Export Sows (+500lbs.)	\$25.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets are expected to maintain their higher trend even as hog supplies are abundant. Last week's slaughter was estimated at 2.363 million hogs about 3.3% higher than year ago levels despite disruptions in several packers' schedules due to protests against Trump's immigration policy. Pork product prices vary by primal cut, but generally have been supportive; ham and belly prices are up 15-40% while loin and rib prices are down 10-20% from year ago levels. Summer month lean hog futures continue to struggle to break through their contract highs set last week, with belly prices looking unsustainable at current levels and significant uncertainty about export markets. Trump is set to address a joint session of the US Congress next Tuesday, which could be the time at which he makes his tax and trade policy objectives public. Should his plan include a tariff on imports or a 'Border Adjustment Tax', all meat futures would likely move lower reflecting the likely outcome of several countries applying their own retaliatory tariffs. While it is unclear whether this import tax has the needed support from Congress to be implemented, the threat is a real concern for the North American meat industry.

Canadian delivered soymeal prices opened lower this morning. Rainfall in Argentina over the weekend came down a bit heavier than expected and up to four inches fell over a widespread growing area. The market, however, has so far shrugged off this development and is trading lower as of this writing. The forecast is looking non-threatening heading into this week and Brazil is expected to make up for any production deficiencies in Argentina this season in any event so far. There is talk the market is posed for a long liquidation sell-off, but this rhetoric has been expressed for a couple of weeks now. So while fundamental and technical indicators do suggest more selling is possible, the market has yet to move decisively lower.

US corn futures opened lower this morning. Second (Safrinha) crop corn planting got off to an inconsistent start in Brazil this year, but many are saying the start now looks 'great'. A good corn crop from Brazil this year would stand in sharp contrast to the meagre output in 2016 and likely challenge the US in international markets. Already, 2017/18 US crop estimates are starting to trickle out and a couple scenarios point to lower production ahead. While this could be mildly supportive for prices, export demand for US corn is very much under some questions as there are rumors the largest importer of US corn (Mexico) is looking for alternative suppliers. The Outlook for US Agricultural Trade will be released on Thursday.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		158.25	156.86 163.75	164.91 178.77	175.33 184.45	177.61 184.17	171.44 179.79	158.73 167.27	155.20 158.03	138.79 150.40	136.36 144.49
Soymeal Wpg Delivered.	476	476	504	504	509	501					

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WINNIPEG LIVESTOCK HWY #6 AND RD 236

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