



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 22, 2017

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↔

Corn: ↑ CDN Dollar: ↓

US Slaughter	
444,000	Tuesday
436,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$73.71
National	\$77.41
Iowa/S. MN.	\$73.64
Signature 5	\$179.16
HyLife	\$178.69
Britco	\$177.09
Thunder Creek	\$179.16

4-Mo. Sig5 Fwd	\$167.82
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BoC Rate (Noon) prev. day	
\$1.3149 CAD / \$0.7605 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.)	\$26.00/cwt. (Tagged)

Forward contract prices opened lower this morning. US cash markets moved lower in yesterday's trade signaling a possible trend change from the steady/higher trend of the last 6 weeks. Packers have abundant supplies available to them and have been willing to maintain high production rates as demand indicators have been positive. However, pork belly prices fell around \$7.00 USD/cwt or approximately 4% of their value as use by bacon processors has slowed due to the near record prices of the last two weeks. Tomorrow's USDA Cold Storage report will provide more information on the movement of bellies and other pork cuts which could show growing inventory from the record lows of the January report. Lean hog futures traders have been more cautious in adding value to the summer and fall month contracts as prices are heavily dependent on the export market to clear the added production. Producers that have not yet started to take price protection in the summer and fall timeframe should consider covering 20% of their production on a rally of \$4.00 CAD/kg and set targets on an additional 20% at a \$10.00 CAD/kg price level higher than current forward prices.

Canadian delivered soymeal prices opened even this morning. US soybean futures are trading higher this morning in a move that is currently thought to be more about managed money positioning than any real fundamental change in outlook. Recently, the funds added to their long positions despite talk of a looming sell-off. On the bear side, Argentina is forecast to dry out after some significant rainfall last weekend and harvest in Brazil is ahead of the 5-year pace. Bird flu in China has infected more people and there are thoughts feed demand for poultry could be impacted. Acreage estimates are coming out ahead of the USDA Agriculture forum on Thursday; the average estimates came in at 88.3 million acres, but there is a large 6 million acre spread between high and low estimates (86.5-92.5 million acres).

US corn futures opened higher this morning. US corn futures are seeing some strength on some thoughts that the USDA's Agriculture forum estimates will show a reduction in expected acres planted in the USA for 2017. Average acreage is coming in at 90.8 million acres and if trend line yields are accompanied by a slight reduction in exports, ending stocks could come in at 2.003 billion bu. This would be lower than this year's 2.320 billion, but higher than last year's 1.737 billion. bu. As well, some support developed yesterday following word that a letter from President Trump to the Renewable Fuels Association reaffirmed support to the renewable fuels industry (i.e. ethanol).

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		153.80	152.38 159.37	161.15 175.05	171.61 180.76	174.40 180.81	168.27 176.65	156.71 165.28	153.03 155.87	137.16 148.80	134.73 142.88
Soymeal Wpg Delivered.	476	476	504	504	509	501					

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.

WINNIPEG LIVESTOCK HWY #6 AND RD 236

CALL CRYSTAL FOR MORE INFO 204-235-2225

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