



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 03, 2017

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets are finishing the week on a firm trend despite abundant live hog supplies and a weaker pork carcass cut-out. Pork bellies dropped another \$10.00/cwt in yesterday's trade, now down \$40/cwt from their peak just over two weeks ago. This puts packer operating margins at an estimated \$20/hog and roughly 1/3 of the margin that packers were yielding about two months ago. Exports continue to provide support to the market with cumulative weekly export sales for 2017 up 30% over year ago levels. These increases are largely a result of gains in Mexico, but next week's monthly numbers will provide greater insight into how all of the export markets performed in January. Analysts are confident that pork production will run an average 4%-5% higher than year ago levels, which places more pressure on demand to clear the market and avoid large price concessions. Producers should focus their attention on hedging the Sep - Dec timeframe, as the fall month contracts currently represent profitable prices for most producers and there is significant uncertainty that demand (both export and domestic) can maintain its recent growth trend.

Canadian delivered soymeal prices opened lower this morning. The soybean complex has pared its gains late this week, after rumors of a bullish Biofuels policy from the Trump Administration went unconfirmed. Fund buying helped to support the market that is laden with heavy production estimates both in North and South America. Soybean meal has been the weakest part of the complex recently, with spot month futures dropping to their lowest level since mid-January.

US corn futures opened lower this morning. Corn futures have been unwilling to give up most of the gains that came after the rumor of the Trump Administration expanding the Renewable Fuels mandate. Price setbacks have been used as buying opportunities for the Hedge Funds, which has provided support in a market that is heavy in supply.

US Slaughter	
441,000	Thursday
429,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$68.46
National	\$74.06
Iowa/S. MN.	\$68.67
Signature 5	\$171.95
HyLife	\$173.97
Britco	\$168.09
TCP/BP2	\$171.95
4-Mo. Sig5 Fwd	\$ 169.82
BoC Rate (Noon) prev. day \$1.3384 CAD / \$0.7472 USD	
Cash Prices Week Ending March 04, 2017	
Signature 3	166.05/75.32
Signature 4	177.33/80.44
Signature 5	171.69/77.88
h@ms Cash	170.19/77.20
HyLife	Unavailable
Britco	173.16/78.54
TCP/BP2	178.06/80.77
ISO Weans	\$52.38 US Avg.
Feeder Pigs	\$74.78 US Avg.
#1 Export Sows (+500lbs.) \$28.00/cwt. (Tagged)	

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			150.72 157.68	161.40 175.54	172.04 181.35	174.54 181.06	168.80 177.31	157.46 166.17	154.21 157.10	137.63 149.50	135.15 143.46
Soymeal Wpg Delivered.		471	485	485	483	483					

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