



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 07, 2017

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

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

US Slaughter	
443,000	Monday
434,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$68.06
National	\$73.12
Iowa/S. MN.	\$68.10
Signature 5	\$170.67
HyLife	\$172.68
Britco	\$167.02
TCP/BP2	\$170.67
4-Mo. Sig5 Fwd	\$ 170.77
<b>BoC Rate (Noon) prev. day</b> \$1.3410 CAD / \$0.7457 USD	
Cash Prices Week Ending March 4, 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	174.26/79.04
Britco	173.16/78.54
TCP/BP2	178.06/80.77
ISO Weans	\$49.06 US Avg.
Feeder Pigs	\$76.04 US Avg.
#1 Export Sows (+500lbs.) \$30.00/cwt. (Tagged)	

**Forward contract prices opened lower this morning.** US cash markets started this week near steady with the regional, negotiated hog prices all reported as narrowly mixed. Gains in all the pork primal cuts are supportive to cash hog prices and bellies recovered more than \$7.00 USD/cwt yesterday from their recent lows. The discovery of a case of H7 Avian Influenza in Tennessee on the weekend added more uncertainty to the summer and fall month market fundamentals. The strain of the virus was the same that infected several Midwestern turkey and layer operations in 2015 and led to significant declines in chicken and turkey exports. Given the forecast for abundant meat production in the US, any restrictions on poultry exports (such as those already announced by South Korea) would have negative effects on pork markets. The market is dealing with relatively high certainty regarding expectations of increased pork production (+4-5%), but demand remains highly uncertain, especially from export markets. Producers should look to cover 20% of their September – December production at current prices in an effort to mitigate some of the elevated price risk.

**Canadian delivered soymeal prices opened lower this morning.** There are thoughts that Thursday's WASDE report could be adjusted to reflect some of the higher private estimates currently making the rounds regarding Brazilian production. If so, the USDA would have to raise the Brazil production estimate 5 MMT to match the 109 MMT upper estimate. If this happens, there is talk that the move could trigger a long liquidation in the marketplace and beans could drop. Of course, that is a lot of 'ifs', and the WASE can always surprise because while Brazil production is a big story currently, it is not the only factor in play. In other news, some drier weather (also in Brazil) is allowing for some of the recent truck congestion to be relieved, allowing a crop that is estimated near 80% complete to reach port.

**US corn futures opened lower this morning.** There are headlines suggesting that Brazil's corn crop could be more than 30% larger than last year's numbers. While true, readers should remember that Brazil essentially saw drought conditions for the Safrinha crop last year and production was down, relatively speaking, by a similar amount. Regardless, the 'extra' corn this year will likely pressure prices in the international markets and subsequently US markets as well. There is a lot of competition on the horizon for the remainder of 2017 and corn prices are unlikely to recover substantively unless some major production issue develops.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		151.01 157.98	161.77 175.93	172.42 181.73	175.62 182.14	169.52 178.04	158.65 167.37	155.40 158.29	139.94 151.81	137.46 145.77
Soymeal Wpg Delivered.	469	483	483	482	482	497				

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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