



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 08, 2017

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

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

## US Slaughter

443,000 Tuesday

436,000 Tuesday  
(year ago)

## Daily Prices

W. Corn Belt \$68.68

National \$73.35

Iowa/S. MN. \$69.19

Signature 5 \$171.75

HyLife \$173.12

Britco \$169.73

TCP/BP2 \$171.75

4-Mo. Sig5 Fwd \$ 173.12

**BoC Rate (Noon) prev. day**  
\$1.3413 CAD / \$0.7455 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 higher this morning.** US cash markets held firm in yesterday's trade, continuing the trend that developed about two weeks ago. Pork production so far in 2017 has averaged at levels about 3.5% higher than 2016, but excellent export demand has spurred prices to run 7-8% higher than last year. So far this year, export sales volumes have cleared the market of the added production, with January sales volumes up nearly 20% from January 2016. However, not every export market had gains; Chinese consumption of US pork is down at its lowest level in a year. Lean hog futures have been unwilling to offer a 'typical' premium on the summer month contracts, with traders cautious about the prospect for export sales growth. The June contract is valued only about 5 cents USD higher than the current cash index, while the normal relationship between cash and futures is close to triple this value. On the other hand, the fall month futures are discounted less than normal, suggesting that producers should start hedging the Sept – Dec timeframe at current prices.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading lower ahead of the March WASDE report that will be released mid-trade tomorrow. There is talk that if the Brazil supply estimates keep climbing, the market is poised for a long liquidation. The general consensus is that 105 MMT (a previously popular estimate) will likely be surpassed and tomorrow's numbers could reach 109 MMT for Brazil production. If the USDA raises its estimates to 109 MMT, it would represent a 5 MMT increase over the current number. There are even rumors that 110 MMT is possible even though pre-report estimates are around the 106 MMT mark. If 110 MMT is realized, it would represent a 15% production increase from last year.

**US corn futures opened lower this morning.** Like beans, bearish fundamentals are pressuring the US corn futures market ahead of tomorrow's WASDE report, and most of the pressure is coming from the supply side. All eyes will be on developments in South America which is expected to show large production volumes are on the way. While Argentina does produce corn, most of the focus is on Brazil where the average pre-report estimate is 87.8 MMT; some private estimates are as high as 97.7 MMT. Added to this are ideas that there is a lot of corn in the US marketplace (over 2 billion bu. in ending stocks) and not much rationale for a move higher at this point.

| Fixed Forward Range<br>(at opening) | Mar | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              |
|-------------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf<br>Sig. #5               |     | 154.16<br>161.14 | 163.86<br>178.05 | 174.53<br>183.87 | 177.62<br>184.11 | 172.29<br>180.84 | 161.20<br>169.94 | 158.04<br>160.94 | 142.71<br>154.63 | 140.22<br>148.56 |
| Soymeal Wpg Delivered.              | 471 | 485              | 485              | 484              | 484              | 490              |                  |                  |                  |                  |

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HWY #6 AND RD 236

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