



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 09, 2017

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

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

US Slaughter	
441,000	Wednesday
430,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$68.49
National	\$73.13
Iowa/S. MN.	\$68.62
Signature 5	\$172.11
HyLife	\$172.63
Britco	\$169.19
TCP/BP2	\$172.11
4-Mo. Sig5 Fwd	\$ 172.82
BoC Rate (Noon) prev. day \$1.3481 CAD / \$0.7418 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 are holding steady amid ample supplies for packers. Hog supplies are expected to grow from the current trend of 4% more than year ago levels to 6.7% more for the summer months as several US producers ramp up production in preparation for two new packing plants coming on stream. This expectation of significantly larger pork production in the US is the primary reason for the summer month lean hog futures being unable to sustain gains. The June and July contracts are trading at only a \$5.00 USD/cwt premium to the current cash index, whereas they typically hold a premium of approximately \$14/cwt at this time of year. The fall months are trading at a slightly smaller than average discount to the summer month contracts, which represents a good pricing opportunity given the outlook for record setting pork production. Producers should look to cover 20-30% of their production in the Sep - Dec timeframe to secure profitable production in this uncertain period.

Canadian delivered soymeal prices opened higher this morning. Supply side dynamics continue to pressure the US soybean complex. Official Brazil production estimates have been raised 3.6 MMT above USDA numbers to 107.6 MMT. While this number is not the 109 MMT frequently talked about, it still represents a record number and supports ideas that a lot of beans will be coming from the region this year. It will be interesting to see what, if any, adjustments are made to South American production in today's WASDE report, which, could reveal surprises. Regardless, production from South America ranges between 54.0 and 56.0 MMT for Argentina and 107.0-109.0 MMT for Brazil.

US corn futures opened lower this morning. Like beans, US corn futures are facing some pressure as big crops in South America get bigger. Officials in Brazil have raised corn production 3.3 MMT higher than the current USDA estimate which may or may not be adjusted in today's WASDE report. Most market participants do expect some adjustment to be made (likely higher) and pre-report estimates are coming in between 86.0 and 91.5 MMT. Conversely, Argentine production is expected to range between 35.0 and 37.0 MMT. In any event, a lot of corn (and a lot of potential competition for US corn) is on the way to the global market.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		154.09 161.10	163.46 177.70	174.17 183.54	177.17 183.73	171.80 180.38	161.34 170.12	158.04 160.95	142.55 154.50	140.05 148.42
Soymeal Wpg Delivered.	474	487	487	485	485	491				

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.

2016 District Meetings	Date	Time	Location
Swift Current	Tuesday, March 14	12:00 Noon	Days Inn - 905 North Service Road East, Swift Current
Saskatoon	Wednesday, March 15	12:00 Noon	Comfort Suites - 203 Bill Hunter Ave., Saskatoon
H.B. Marketing & MB West	Thursday, March 16	2:00 PM.	Glesby Centre -11-2nd St. NW, Portage La Prairie
Manitoba East	Friday, March 17	12:00 Noon	Smitty's Restaurant - Clear Spring Centre, Steinbach
Heartland Marketing District	Thursday, March 23	2:00 PM.	Starbuck Community Hall - 25 Main Street, Starbuck