



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 17, 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 steady across most of the reporting regions. Packers have ample hog supplies to maintain the high production levels and by most indicators, product is moving well. The pork carcass cut-out dropped nearly \$2.00 USD/cwt from earlier this week with all primal cuts experiencing weakness except hams. After climbing nearly \$2.00 USD/cwt earlier this week, lean hog futures have softened, influenced by the lower pork product values and weekly export numbers that came up short relative to expectations. The Canadian Dollar surged late this week and had a negative effect on forward contract prices. The Loonie rallied to its highest point in 2 weeks after the US Federal Reserve raised interest rates earlier this week. Producers without protection in the July – Dec timeframe should consider covering up to 1/3 of their intended production at current prices in order hedge against the uncertainty in pork exports and domestic demand amid abundant pork production.

Canadian delivered soymeal prices opened lower this morning.

Pressure has returned to the US soybean futures market as ongoing Brazil numbers support the adage 'big crops are getting bigger'. While it is entirely speculative at this point, there are preliminary reports a Brazilian brokerage has stated as much as 111 MMT (!) could be produced depending on how the crop finishes. This number is significant in that it would put Brazil ahead of the US as the largest soybean producer in the world this year (using 81 million acres and 50 bpa as estimates would place US production at ~110 MMT for 2017/18). Supportive factors include some decreasing US acreage estimates by private firms for next year and ideas that China imports could increase 3 MMT to 90 MMT.

US corn futures opened mixed this morning.

Some positive demand news is supporting the US corn futures market following lows seen earlier in the week and it is trading mixed this morning. Cumulative sales are slightly ahead of the 5-year average, coming in at 80.3% compared to the 75.9% average. As well, the EIA has announced that 2016 saw the second highest ethanol export activity on record of over 1 billion gallons. As a side note, Brazil was the country importing the most, passing Canada in ethanol imported from the US in 2016. Moreover, ethanol exports are expected to increase another 6% in 2017 to 1.2 billion gallons. Recall that approximately a third of the US corn crop is used in ethanol production.

US Slaughter	
441,000	Thursday
383,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$66.80
National	\$72.41
Iowa/S. MN.	\$66.86
Signature 5	\$167.09
HyLife	\$171.41
Britco	\$162.83
TCP/BP2	\$167.09
4-Mo. Sig5 Fwd	\$ 174.91
BoC Rate (Noon) prev. day \$1.3316 CAD / \$0.7510 USD	
Cash Prices Week Ending March 18, 2017	
Signature 3	165.68/75.15
Signature 4	173.03/78.49
Signature 5	169.36/76.82
h@ms Cash	167.86/76.14
HyLife	n/a
Britco	167.64/76.04
TCP/BP2	171.47/77.78
ISO Weans	\$45.64 US Avg.
Feeder Pigs	\$74.38 US Avg.
#1 Export Sows (+500lbs.)	\$35.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		160.47 163.30	164.26 178.31	174.83 184.08	177.33 183.81	171.26 179.73	160.38 169.05	157.15 160.02	141.53 153.34	139.07 147.33
Soymeal Wpg Delivered.	467	481	481	480	480	486				

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2017 District Meetings	Date	Time	Location
TODAY Manitoba East TODAY	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