



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 22, 2017

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets traded marginally higher in yesterday's trade, but are maintaining the trading range established in the last few months. Packers appear content to match their cash bids with changes in pork product values which holds the margins steady. However, the increased production levels at which they have been operating threatens to put pressure on wholesale pork values as the volume of pork is close to 5% larger than year ago levels. Critical to market prices over the near term are growth in export volumes, because without sustained growth of 15% over year ago levels, domestic pork prices would come under heavy pressure needed in order to clear the added supply. Summer month lean hog futures are trading at less than half of the premium to the cash market typically seen this time of year. Traders have likely factored in a 6.5% increase in production over this time frame, but are less optimistic about demand factors. Producers that have not already done so should take price protection on up to 1/3 of their July – December production at current prices.

US Slaughter	
444,000	Tuesday
429,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$66.89
National	\$72.37
Iowa/S. MN.	\$66.91
Signature 5	\$167.21
HyLife	\$170.13
Britco	\$163.00
TCP/BP2	\$167.21
4-Mo. Sig5 Fwd	\$ 172.64
BoC Rate (Noon) prev. day \$1.3320 CAD / \$0.7508 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	171.32/77.71
Britco	167.64/76.04
TCP/BP2	171.47/77.78
ISO Weans	\$42.36 US Avg.
Feeder Pigs	\$76.73 US Avg.
#1 Export Sows (+500lbs.) \$37.00/cwt. (Tagged)	

2017 District Meetings	Date	Time	Location
Heartland Marketing	Thurs., Mar. 23	2:00 PM	Starbuck Comm. Hall - 25 Main St.

Canadian delivered soymeal prices opened mixed this morning. Assuming no major weather disruptions for the remainder of the S. American soybean harvest, analysts are suggesting production could be larger than last year's harvest by between 12 and 15 MMT. Assuming a 7% drop in last year's US record yield (52+ bpa), US ending stocks could come in near 680 million bu. in 2017/18 compared to 435 million for 2016/17 and 197 million bu. for the year previous. Typically, seasonal support for beans develops between March and May, but observing the large crops on the way, soft demand from China and thoughts that some managed money will soon exit long positions, that support may develop a little more on the later side this year.

US corn futures opened lower this morning. A common phrase used to describe the US corn futures trade recently is 'the upside appears limited'. Traders are calling for a range-bound-to-lower market unless some significant negative supply or positive demand story develops. For now, both scenarios appear unlikely. Decent weather in S. America is potentially ushering in a crop that is 36+ MMT in production higher than last year. Early US planting is ahead of pace and the Corn Belt is seeing good moisture levels. 2017 biofuels quotas remain unchanged following a review period that saw no new revisions. Despite venturing into oversold territory, there just isn't much sparking any new support for now.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		159.34 161.39	161.03 175.14	171.65 180.93	174.06 180.64	167.53 176.041	158.74 167.44	155.37 158.25	141.10 152.94	138.62 146.91
Soymeal Wpg Delivered.	463	472	472	476	476	483				

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h@ms Marketing would like to remind all producers and industry partners of the impacts of Daylight Saving Time on Risk Management operations. Trading is now open:
 9:30 - 12:30, Central Daylight (MB)
 8:30 - 11:30, Central Standard (SK) and Mountain Daylight (AB)
 7:30 - 10:30, Pacific Daylight (BC)