



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 24, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
441,000	Thursday
424,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$65.46
National	\$71.75
Iowa/S. MN.	\$65.43
Signature 5	\$164.89
HyLife	\$168.55
Britco	\$159.55
TCP/BP2	\$164.89
4-Mo. Sig5 Fwd	\$ 174.86
<b>BoC Rate (Noon) prev. day</b> \$1.3333 CAD / \$0.7500 USD	
Cash Prices Week Ending March 25, 2017	
Signature 3	162.00/73.48
Signature 4	170.77/77.46
Signature 5	166.39/75.47
h@ms Cash	164.89/74.79
HyLife	n/a
Britco	164.49/74.61
TCP/BP2	169.36/76.82
ISO Weans	\$42.36 US Avg.
Feeder Pigs	\$76.73 US Avg.
#1 Export Sows (+500lbs.)	\$37.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US negotiated cash markets dropped nearly \$2.00 USD/cwt of value over the week with pressure coming from a weaker pork carcass cut-out. An abundant supply of live hogs is keeping plants full on a daily basis, and maintaining hog slaughter at more than 4% above year ago levels. Export markets have helped to clear the market of the extra supply so far this year; Mexico and South Korea purchased 20% more pork than in January and February of 2016. However, there is a great deal of uncertainty whether these volumes can be maintained throughout the year. A factor that could help increase US pork exports temporarily is Brazil's 'Meat Scandal'. A police investigation has uncovered evidence that several Brazilian packers have bribed meat inspectors which has resulted in several countries applying a temporary ban on imports from that country. While pork represents a modest amount of the total meat and poultry being exported, the implication is that the scandal could result in more US sales to China. Producers should consider pricing up to 1/3 of their July-December production at current prices in order to secure profitable production.

**Canadian delivered soymeal prices opened lower this morning.** There is not much in the way of news in the soybean market yet the trade continues to push lower on large production estimates. The USDA has pegged South American soybean production at 108 MMT – a record amount – but some private firms, including a Brazilian brokerage, are estimating production as high as 111 MMT. The USDA's Prospective Plantings report will be released at the end of the month and pre-report estimates are starting to trickle out. Using Rabobank's 86.4 million as estimated acreage (lower than current USDA estimates) and a trendline 48 bpa yield (lower than last year's 52 bpa), ending stocks for 2017/18 would still come in at 497 million bu. (a 12.2% stocks-to-use ratio) which would be a bearish development.

**US corn futures opened higher this morning.** US corn futures have turned around and are finishing the week higher, mostly, on thoughts that the oversold condition will influence a short-term recovery, but also on thoughts that early US planting could be impacted by some mixed weather in the southern US. On the one hand, about 12% of the area is experiencing some degree of drought; on the other, a wetter forecast in other areas could slow the planting pace. US production estimates are coming out ahead of the Prospective Plantings report next week. If acreage is 91.5 million acres and yield comes in at 170.7 bpa, ending stocks would (again) be over 2.2 billion bu. in back-to-back years.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		160.11 162.16	163.82 177.92	174.43 183.70	175.92 183.42	169.52 178.02	159.72 168.41	156.13 159.00	140.19 152.00	137.72 145.99
Soymeal Wpg Delivered.	448	457	457	461	461	469				

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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)