



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 27, 2017

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

www.hamsmarketing.ca

Hog Prices: ↓ Soymeal: ↑

Corn: ↓ CDN Dollar: ↓

| US Slaughter | |
|---|-----------------------|
| 2.313 mil. | Last Week |
| 2.166 mil. | Last Week (year ago) |
| Daily Prices | |
| W. Corn Belt | \$64.39 |
| National | \$71.19 |
| Iowa/S. MN. | \$64.37 |
| Signature 5 | \$163.41 |
| HyLife | \$167.06 |
| Britco | \$157.44 |
| TCP/BP2 | \$163.41 |
| 4-Mo. Sig5 Fwd | \$ 167.89 |
| BoC Rate (Noon) prev. day \$1.3373 CAD / \$0.7478 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 | 168.77/76.55 |
| Britco | 164.49/74.61 |
| TCP/BP2 | 169.36/76.82 |
| ISO Weans | \$41.30 US Avg. |
| Feeder Pigs | \$76.30 US Avg. |
| #1 Export Sows (+500lbs.) | \$37.00/cwt. (Tagged) |

Forward contract prices opened lower this morning. US cash markets are starting the week off on a weaker tone amid heavy supplies and seasonal cash market softness. Iowa/S. Minnesota and WCB reporting regions are approximately \$1.05 USD/cwt. lower while the National region is down by \$0.56 USD/cwt. Weekly slaughter numbers were estimated at 2.313 million head that, while down from the previous week, are up by 6.8% over the previous year. Some lighter weights brought total pork production up by 0.9% over last year. News surfaced over the weekend that China, Egypt and Chile have lifted previous Brazilian meat bans following the explosive international headlines last week over a meat scandal that developed. There were some rumors that Thursday's strength in lean hog futures could be attributed to the controversy. However, others suggested that there was no real reason for the mid-week strength suggesting the futures were overvalued. Now that demand for Brazil meat appears to not be in jeopardy to the degree as at first thought (at least on an official 'country' level), established supply pipelines will likely remain in place. This is potentially bearish news for hog markets (cash and futures), especially if export demand cannot maintain its recent pace.

Canadian delivered soymeal prices opened higher this morning. Speculation that China will release state inventories of soybean along with thoughts of record South American crop production are pressuring the soybean trade to start the week. There is talk that basis in Brazil weakened by 13 cents USD/bu last week. as the massive crop makes its way to ports. The next news to look forward to is the Protective Plantings report that will be released on March 31. The range of estimates varies from 86.4 to 90.2 million planted acres with March 1st stocks estimated between 1.627 to 1.734 billion bu. compared to last year's 1.531 billion bu.

US corn futures opened lower this morning. There has been talk that the US corn market selling could and/or should start to slow somewhat especially as the market is in a technically oversold position. However, after 5 straight sessions of pressure, the market has yet to turn around. Like beans, large production volumes and a relatively weaker demand is pressuring and the Prospective Plantings report that comes out later this week will likely not offer much support. Planted acreage estimates are between 89.0 and 92.5 million acres and March 1st stocks are estimated between 8.280 and 8.817 billion bu. compared to a 8.543 billion bu. average and 7.822 billion bu. last year.

| Fixed Forward Range (at opening) | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------------------------|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 156.05 | 155.44 169.56 | 166.06 175.36 | 168.95 175.46 | 163.10 171.61 | 157.10 163.68 | 151.78 154.67 | 138.16 150.02 | 135.69 143.99 |
| Soymeal Wpg Delivered. | 449 | 458 | 458 | 461 | 461 | 469 | | | | |

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