

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 29, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
445,000	Tuesday
434,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$63.17
National	\$70.50
Iowa/S. MN.	\$63.21
Signature 5	\$160.98
HyLife	\$165.87
Britco	\$154.48
TCP/BP2	\$160.98
4-Mo. Sig5 Fwd	\$ 163.87
BoC Rate (Noon) prev. day \$1.3363 CAD / \$0.7483 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.) \$42.00/cwt. (Tagged)	

Forward contract prices opened lower this morning. US cash markets softened by about \$0.60 USD/cwt in the WCB and ISM reporting regions while the National regions saw a more modest \$0.03 USD/cwt decline. Adding to the cash market pressure are higher reported weekly weights (thus adding pork to the marketplace) and cut-out values that are down week over week. There are thoughts that the market will continue this downward trend until at least Thursday when the newest Quarterly Hogs and Pigs report is released by the USDA. Lean hog futures are also trading lower ahead of the report which will be released after trading tomorrow. One pressuring factor is talk of a large managed money unwinding. Another factor is that pre-report estimates are showing March 1 stocks and market hog supply are both up by ~4% relative to last year's numbers. All weight classes are between 3.4% and 5.0% larger than last year on average and some individual estimates are as high as 7.5%. The extent to which the USDA official numbers reflect current market estimates will be a determining factor in potential market moves. Regardless, there are a lot of pigs coming to market that will require strong demand to maintain price levels.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed as talk of short covering ahead of the Prospective Plantings report makes its way through the trading community. Regardless, there are a lot of beans soon coming (and room for the trade to move lower) considering that last year, South American (Brazil and Argentina) production was pegged at 158.8 MMT at this time while this year, there is talk of 163.5 MMT and potentially more. Prospective planting estimates will provide some insight into US direction for 2017/18 on the 31st.

US corn futures opened lower this morning. After trading briefly higher in yesterday's session (following six straight sessions of losses), US corn futures have once again turned lower. Some of the support came from news of some potentially harvest-delaying wetter weather over parts of Argentina and forecasts suggesting that the pattern could remain into mid-April. So long as crop damage doesn't materialize, delays are just that, delays, and if current estimates develop into actual production, S. America will produce 129 MMT of corn compared to 111 MMT last year.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		152.52	150.89 164.98	161.49 170.76	165.39 171.90	159.73 168.24	151.59 160.29	148.36 151.24	134.49 146.34	132.01 140.31	135.49 143.77	144.37 147.56
Soymeal Wpg Delivered.	445	448	448	458	458	466						

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STRENGTH IN NUMBERS

