

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 31, 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 are finishing off the week lower in a somewhat unsurprising seasonal trend and no exceptional export news to take up the heavy supply. Yesterday's USDA Quarterly Hogs and Pigs report showed some new March records, not to mention a current supply that came in ~4% higher than year ago levels. While lower than December numbers, and not the highest of all time, March 2017 nevertheless showed records for the March report in the following categories: All Hogs and Pigs (70.9 million), Market Hogs (64.9 million), December to February Pig Crop (31.4 million), and December to February Pigs Per Litter (10.43). Despite this, the report is considered neutral to slightly bearish relative to market expectations. CME futures prices are currently trading lower than yesterday's high, but higher than yesterday's open making forward contract prices appear higher than the previous day. Regardless, positive demand news will be needed to support cash (and forward) prices on top of the seasonal demand increase that is also expected in a few weeks' time. In other news, CAD is sharply higher following news of stronger than expected Canadian GDP growth in the last quarter.

Analysts' Expectations vs. March Quarterly Hogs and Pigs Report			
	Range % of 2016	Avg. In % of 2016	March Report
All hogs	102.6-105.0	103.9	104.2
Breeding	101.0-102.3	101.7	101.5
Marketing	102.7-105.1	104.1	104.4
>180 lbs.	103.7-107.5	105.0	105.3
120-179 lbs.	103.4-106.0	104.6	105.4
50-119 lbs.	102.0-106.1	104.1	104.1
<50 lbs.	101.7-105.0	103.4	103.6

Source: USDA; Umer Barry in DLR

US Slaughter	
437,000	Thursday
437,000	Thursday (year ago)

Daily Prices	
W. Corn Belt	\$61.75
National	\$69.18
Iowa/S. MN.	\$61.73
Signature 5	\$156.68
HyLife	\$162.81
Britco	\$149.92
TCP/BP2	\$156.68

4-Mo. Sig5 Fwd	\$ 165.25
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BoC Rate (Noon) prev. day	\$1.3279 CAD / \$0.7531 USD
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Cash Prices Week Ending April 1, 2017	
Signature 3	154.50/70.08
Signature 4	166.57/75.56
Signature 5	160.54/72.82
h@ms Cash	159.04/72.14
HyLife	n/a
Britco	160.94/73.00
TCP/BP2	166.39/75.47

ISO Weans	\$41.30 US Avg.
Feeder Pigs	\$76.30 US Avg.
#1 Export Sows (+500lbs.)	\$42.00/cwt. (Tagged)

Canadian delivered soymeal prices opened lower this morning.

The first official outlook on 2017/18 acreage will be released today at Noon, Eastern (11:00AM, Central). The report's numbers are typically used in forward looking production estimates using officially stated acreage and trendline (or other private) yield scenarios. Stay tuned for the barrage of hypothetical US production estimates that will likely follow soon. For the most part, a bearish report is expected although no new acreage records are likely to be broken. News that some farmers could switch to soy in wetter areas also will not be officially reflected until later in the growing season. The pre-report average estimate is currently 88.3 million acres.

US corn futures opened lower this morning. Like bean traders, US corn futures traders are anticipating official USDA estimates for planted acreage in today's report that will be released mid-trade today. A relatively large acreage is expected, but also like beans, no new records are anticipated. In fact, there was earlier talk of reducing acreage approaching the release of the report and the 90.9 million acre average estimate is 'only' among the lower end of the top-five years.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		152.35	153.02 167.07	163.59 172.84	166.33 172.80	160.38 168.85	151.63 160.29	148.44 151.31	134.16 145.95	131.70 139.95	135.29 143.53	144.13 147.30
Soymeal Wpg Delivered.	441	444	444	453	453	461						

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