



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 03, 2017

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

www.hamsmarketing.ca

Hog Prices: $\uparrow\downarrow$ Soymeal: \downarrow
Corn: \uparrow CDN Dollar: \downarrow

US Slaughter	
2.343 mil.	Last Week
2.184 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$61.47
National	\$68.84
Iowa/S. MN.	\$61.49
Signature 5	\$156.44
HyLife	\$160.88
Britco	\$149.82
TCP/BP2	\$156.44
4-Mo. Sig5 Fwd	\$ 165.93
BoC Rate (Noon) prev. day \$1.3322 CAD / \$0.7506 USD	
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	164.06/74.42
Britco	160.94/73.00
TCP/BP2	166.39/75.47
ISO Weans	\$38.37 US Avg.
Feeder Pigs	\$67.20 US Avg.
#1 Export Sows (+500lbs.) \$42.00/cwt. (Tagged)	

Forward contract prices opened mixed this morning. US cash markets have come under pressure over the last week, falling by approximately \$3.00 USD/cwt or about 5%. Packers have been matching the price trend in wholesale pork markets, with the pork cut-out losing about \$4.00 USD/cwt over the same timeframe. With last week's pork production up nearly 7% compared to year ago levels, pork export sales have not realized the growth required to keep prices firm. In fact, the USDA's Quarterly Hogs and Pigs survey of producers suggests that hog numbers will likely maintain a 5% increase over year ago levels for the next two months, then moderate slightly for the summer months with expectations of slaughter around +4%. The survey results were in line with trade estimates, which contributed to the muted reaction of futures prices on Friday, carrying the lower trend into this morning. Current forward prices reflect abundant supplies, uncertain demand and tighter packer margins (compared to year ago levels). Producers should consider placing target prices \$3-\$5 CAD/ckg higher than current forward prices to add price protection in the last half of 2017.

Canadian delivered soymeal prices opened lower this morning. A record high and unexpected planted acreage estimate sent US soybean futures down double digits on Friday as the USDA has estimated 2017/18 planted acreage to come in at 89.5 million acres compared to the 88.3 million acre pre-report estimate. March 1 stocks also came in above expectations at 1.734 million bu. adding to the pressure. The market has levelled out this morning, but it is far from a bullish turnaround. There is talk that significantly adverse weather in both hemispheres will be required to provide any level of meaningful support in the short to mid terms. Assuming Friday's planted acreage, and a trendline 48.5 bpa yield (last year was 52+ bpa), and normal weather in the US, ending stocks for 2017/18 could come in at a record 714 million bu.

US corn futures opened higher this morning. The surprise in the Prospective Plantings report for corn was the reduction in acreage relative to pre-report estimates. The 89.99 million acres expected to be planted for the 2017/18 season was approximately 1 million acres smaller than the market's expectations. However, the trade did not see substantial support; in fact, the market turned lower, following beans, and also on thoughts that even with the reduced acreage, ending stocks will still come in over 2 billion bu., assuming a trend yield of 170.7 bpa, all else equal. Weather could be supportive, but export demand is very much uncertain at this time and could pressure further out.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		153.40 167.50	164.01 173.29	166.74 173.25	160.16 168.67	151.20 159.90	148.05 150.94	133.50 145.36	131.02 139.32	134.22 142.45	143.04 146.21
Soymeal Wpg Delivered.	438	438	448	448	456	456					

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STRENGTH IN NUMBERS

