



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 11, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Monday
384,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$57.94
National	\$65.67
Iowa/S. MN.	\$57.95
Signature 5	\$148.66
HyLife	\$154.90
Britco	\$141.46
TCP/BP2	\$148.66
4-Mo. Sig5 Fwd	\$ 165.31
BoC Rate (Noon) prev. day \$1.3347 CAD / \$0.7492 USD	
Cash Prices Week Ending April 8, 2017	
Signature 3	148.73/67.46
Signature 4	161.13/73.09
Signature 5	154.93/70.28
h@ms Cash	153.43/69.60
HyLife	158.71/71.99
Britco	152.70/69.26
TCP/BP2	160.54/72.82
ISO Weans	\$38.37 US Avg.
Feeder Pigs	\$67.20 US Avg.
#1 Export Sows (+500lbs.)	\$42.25 /cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets struggle to maintain any support with negotiated prices dropping to their lowest level since early January. The pork carcass cut-out received some needed support from pork bellies, which recovered about 6% of their value in yesterday's trade, and returned the benchmark price for wholesale pork to its highest level in nearly two weeks. Prices for pork and hogs are at similar levels to April 2016, however the trend is currently negative when it typically starts to firm up in the early spring. Export markets remain a critical factor in dealing with the 5% increase in pork produced, with a 20% increase in the volume of exports needed to clear the additional supplies. With fall month forward prices down only about 5% from the highs that were put in a month ago, producers should look to cover 1/3 of their intended production in order to secure profitable prices in what will be the biggest expansion in the hog industry in more than a decade.

Canadian delivered soymeal prices opened lower this morning. All eyes will be on the USDA's WASDE report released mid-trade today (11:00, Central time). Brazil crops keep getting adjusted higher, but the market's reaction will be limited to the USDA's adjustments relative to market expectations (if there are any). For now, the consensus is that the USDA will raise Brazil production to 110 MMT from 108 (following a 4 MMT raise last month). Despite some weather challenges, Argentina's production estimate is also expected to be raised 500,000 MT. In terms of 'current' global stocks, traders are looking for 84.4 MT on average (81.5-87.3 MT range). US old crop ending stocks are expected to come in between 402-480 million bu. compared to the current 435 million bu. estimate.

US corn futures opened higher this morning. Like beans, US corn futures traders are expecting some big production numbers as well as some large global stocks. Unlike beans, the market is trading slightly higher ahead of the report and most of the focus is on the current US and global situation, as opposed to focusing on South America. Global stocks are expected to come in at a record 222.2 MMT (219.5-225.7 MMT range) compared to 210 MMT last year at this time. US ending stocks estimates are ranging between 2.270 and 2.484 billion bu. compared to 2.320 billion last month. Once the dust from the report's release settles, traders will likely shift focus to the new crop situation (and progress) which is just getting underway in the US.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		155.25 165.59	162.10 171.36	166.13 172.62	160.61 169.09	152.37 161.04	149.18 152.06	135.42 147.24	132.95 141.22	137.88 146.13	146.73 149.91
Soymeal Wpg Delivered.	436	436	446	446	455	455					

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