



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 12, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
443,000	Tuesday
435,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$57.42
National	\$65.85
Iowa/S. MN.	\$57.46
Signature 5	\$148.10
HyLife	\$154.68
Britco	\$140.14
TCP/BP2	\$148.10
4-Mo. Sig5 Fwd	\$ 164.25
BoC Rate (Noon) prev. day \$1.3335 CAD / \$0.7499 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 lower this morning. US cash markets continued their lower trend with negotiated cash markets losing about \$0.50 USD/cwt per day over the last several days. Hog supplies are exceeding expectations based on the last Hogs and Pigs report with the hog slaughter over the last two weeks averaging about 7% larger than year ago levels. The consistently heavy supply of market hogs is weighing down both the cash and futures market as there are few participants that believe that the market can move the increased volume of pork without significant price concessions. Even if export markets post an annual increase of 20% over year ago levels (which would set new records for year over year growth), any period of slower sales volumes would see the market respond with lower prices. With good profitability offered by current forward prices to the end of the year, producers should secure as much as half of their July – December price risk at current prices.

Canadian delivered soymeal prices opened higher this morning. Yesterday, the market turned lower following the release of the WASDE report. Record global stocks and an upward revision to the production numbers coming out of Brazil that fell outside the average expectation (and to a lesser extent, Argentina, Paraguay and Uruguay) seemed to be enough to push the market initially lower following the release. However, not much other than some basic housekeeping revisions were done to the US balance sheet despite a revision to ending stocks (higher) within expectations. Prices rebounded in the afternoon following the pressure and are trading higher this morning on technical grounds, maintaining an upward recovery trend for now.

US corn futures opened higher this morning. Production estimates were high yesterday, but weather remains a supportive factor currently. Supplies from South America were revised upward from last month with Brazil coming in at 93.5 MMT compared to a 92.6 MMT estimate; Argentina should produce 38.5 MMT compared to the 37.8 MMT estimate. All told, production from the two countries was 3.0 MMT higher than the March WASDE report and 36.0 MMT higher than last year. Of course, last year saw significant production challenges, and was down by a similar amount relative to 2015. For now, wet weather in both hemispheres is slowing harvest in the south and planting progress in the north, but it is too early to project production issues in both scenarios at this time.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		154.15 164.43	160.96 170.17	165.46 171.91	159.78 168.21	150.64 159.26	147.84 150.70	133.89 145.66	131.43 139.67	136.58 144.83	145.43 148.61
Soymeal Wpg Delivered.	440	440	450	450	459	459					

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HWY #6 AND RD 236

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