



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 13, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
441,000	Wednesday
438,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$56.73
National	\$65.31
Iowa/S. MN.	\$56.76
Signature 5	\$146.27
HyLife	\$153.29
Britco	\$138.09
TCP/BP2	\$146.27
4-Mo. Sig5 Fwd	\$ 162.19
BoC Rate (Noon) prev. day \$1.3302 CAD / \$0.7518 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. After the support seen earlier in the week, cash hog and pork values have lost most of the gains and threaten further declines. All of the primal cuts have come under pressure and production of more than 6% over year ago levels for the last 3 weeks has shifted market power in favor of meat buyers. So far in 2017, domestic pork consumption is down from last year, in large part, due to the increase in pork exports. However, in order for the market to maintain prices similar to year ago levels, both export and domestic consumption needs to increase. Offsetting the bearish factor of a heavy supply is the expectation that packer margins will be smaller due to increased competition from the two new packing plants that are coming on line in the last half of 2017. Forward contract prices are currently offering more than a 10% increase in price over last year's September – December cash price, in spite the expectation of 4% more pork.

Canadian delivered soymeal prices opened higher this morning. The bearish reaction to Tuesday's WASDE report was very short-lived (lasting no more than an hour and a half or so) and US soybean futures are trading higher for the second session in a row. The previously oversold market was waiting for some rationale to recover and there appears to be some justification developing this week. Weakness in the US dollar has improved US competitiveness at the same time there are rumors Brazil farmers are holding crops back amid the domestic lows. Argentina is currently being drenched with up to 8 inches of rain along with fears that up to 1 million acres could be impacted. A drier forecast is mitigating production concerns, even though Buenos Aires Grains Exchange has recently lowered production acreage 300,000 acres so far.

US corn futures opened higher this morning. Like beans, the weather is playing a role in the US corn futures market this week. Now that the last old crop WASDE report is out of the way, traders are looking forward to the new crop, particularly at the US growing and production prospects. While weather is challenging in Argentina and Brazil's Safrinha crop is behind pace, wetter US weather forecast for the next two weeks is also lending to market support on thoughts planting pace will be curbed. The lower US dollar is also playing a role, increasing US competitiveness, following a statement from the US president where he expressed that the dollar was "too high" in a recent interview. The US currency noticeably fell almost immediately following the statement and recent geopolitical developments.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		151.49 161.76	158.30 167.50	163.35 169.79	158.39 166.81	149.73 158.34	146.63 149.49	132.96 144.70	130.51 138.73	135.28 143.48	144.07 147.24
Soymeal Wpg Delivered.	447	447	457	457	465	465					

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and **all pricing is subject to verification**. Any unauthorized distribution is strictly prohibited.

h@ms Marketing Services will be **closed** Friday, April 14 for Good Friday.

The HMO and Opening Price reports will subsequently not be published.

The main office and Risk Management will be open Monday, April 17 with reduced staff.

Normal business resumes on Tuesday, April 18.