



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 17, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
2.223 mil.	Last Week
2.195 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$56.71
National	\$64.78
Iowa/S. MN.	\$56.73
Signature 5	\$145.21
HyLife	\$151.66
Britco	\$137.63
TCP/BP2	\$145.21
4-Mo. Sig5 Fwd	\$ 164.28
BoC Rate (Noon) prev. day \$1.3265 CAD / \$0.7539 USD	
Cash Prices Week Ending April 15, 2017	
Signature 3	140.40/63.69
Signature 4	155.30/70.44
Signature 5	147.85/67.06
h@ms Cash	146.35/66.38
HyLife	153.63/69.69
Britco	147.38/66.85
TCP/BP2	154.93/70.28
ISO Weans	\$31.04 US Avg.
Feeder Pigs	\$61.29 US Avg.
#1 Export Sows (+500lbs.)	\$42.25 /cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets are lower compared to the last holiday-shortened session last week. WCB and ISM regions are down by a modest 2.5 cents USD/cwt on average while the National region has fell another \$0.53 USD/cwt. A weaker pork cut-out is a factor and Friday's report showed another \$ 0.57 USD drop (net) in the value of the carcass. Packers are also not motivated to aggressively compete amid more than ample supplies in the marketplace. Last week's slaughter was still higher than last year by 1.3% and 2.223 million animals were being processed even though some packers shut down or reduced operations due to the Good Friday holiday. Pork production for the week was up by 8.1% compared to year ago. US lean hog futures markets are very aware of the potentially burdensome supplies looking ahead and are likely factoring the demand uncertainty into the value of the contracts, especially over the summer timeframe. Exports will absolutely need to maintain the pace seen in the past couple months of reports, and indeed build on those levels, otherwise the market clearing rate will need to be lowered (i.e. lower prices).

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading modestly higher this morning mostly on technical ground. Traders and analysts are cautioning that the move higher may not be all that long-lived. In fact, there is a reasonable amount of chatter suggesting the market could move lower unless a fairly significant weather event develops and causes some widespread damage. There have been reports in Argentina of some lost acreage from official sources due to heavy rainfall, but Brazil's absolutely massive crop should more than compensate for any regional losses at this time. Brazil harvest is coming in at 87% complete.

US corn futures opened lower this morning. A slower than average US planting pace (7% compared to 14% at this time of year) and a 4 million acre reduction in planted acreage haven't been enough to support the US corn futures market yet. The reason is because fairly large production and back to back years of health ending stocks estimates suggest there will be a lot of corn in the marketplace for 2017/18. Even assuming a 12% reduction in exports and trend line yield, ending stocks would be near the 2 billion bu. mark. However, a 5% drop in yield, (to 162.2 bpa) could turn things around quickly and push ending stocks near a more supportive 1.3 billion bu.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		159.14 163.98	160.51 169.73	165.57 172.03	160.41 168.85	151.32 159.95	148.21 151.08	134.08 145.85	131.62 139.86	136.55 144.78	145.38 148.55
Soymeal Wpg Delivered.	444	444	455	455	461	461					

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' main office and Risk Management are open today, Monday, April 17 with reduced staff. Normal business resumes on Tuesday, April 18.