



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 18, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
300,000	Monday
432,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$56.00
National	\$63.35
Iowa/S. MN.	\$56.01
Signature 5	\$142.79
HyLife	\$147.90
Britco	\$136.00
TCP/BP2	\$142.79
4-Mo. Sig5 Fwd	\$ 162.58
BoC Rate (Noon) prev. day \$1.3277 CAD / \$0.7531 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.) \$42.00 /cwt. (Tagged)	

Forward contract prices opened lower this morning. US cash markets are starting this week lower with packers finding production requirements easy to source given the reduced slaughter schedule last week due to Good Friday. Despite the reduced slaughter week, which had the total near 2.223 million hogs, total pork production was up 1.3% over year ago levels. Strong growth in pork demand is required in order to see an improvement in prices at the farm level. The latest US retail pork prices showed that in March, prices rose nearly 4% from February's and climbed to the highest level since September 2016. The fact that pork production grew by around 5% over year ago levels, and that consumers were willing to pay more, are indications that domestic demand is performing well. However, there is concern over whether the strong demand will be felt at the farm level and whether this growth can be sustained amid increasing competition with beef and chicken.

Canadian delivered soymeal prices opened lower this morning. Even though the majority of the US soybean crop isn't yet in the ground, 2017/18 production volumes and ending stocks estimates are already trickling out. For the most part, the estimates are having a pressuring effect on the market because of the large expectations ahead. Using trend line yield and assuming normal weather, ending stocks could come in over 660 million bu. For context, recall that the 2015/16 season only saw 197 million bu. at the end of the marketing year (last year is estimated at 445 million). Markets are called lower in the short term unless a major weather developments disrupts harvest in S. America and/or planting in the US. Planting progress will also be closely watched; there is talk the recent wet weather in the US could influence a shift from corn acres to beans.

US corn futures opened lower this morning. Planting progress for corn in the US is a bit behind schedule due to wet weather, but it is still very early in the season and corn farmers are known to be very efficient in the field when decent weather presents itself. So far, the crop is estimated at 6% completed compared to last year's 12% pace and there are thoughts corn acres could go to beans if the wet weather remains persistent, providing support. However, pressure for the trade is coming from ideas recent producer selling may have occurred. While not record breaking, US corn futures were seeing choppy movement upwards after falling from the highs last seen in mid February. There is talk that rallies, to the extent they materialize, could be considered selling opportunities in the current market.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		157.36 162.23	158.73 168.01	163.64 170.13	158.28 166.77	150.54 159.22	147.61 150.50	133.74 145.59	131.26 139.56	135.36 143.60	144.19 147.37
Soymeal Wpg Delivered.	441	441	452	452	460	460					

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