Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 20, 2017

For details call: (204)235-2237 or visit www.hamsmarketing.ca

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

US Slaughter	
442,000	Wednesday
431,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	$54.34
National	$63.47
Iowa/S. MN.	$54.34
Signature 5	$142.95
HyLife	$149.48
Britco	$133.86
TCP/BP2	$142.95
4-Mo. Sig5 Fwd	$ 161.36

BoC Rate (Noon) *prev. day*
$1.3469 CAD / $0.7424 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 mixed this morning. *US negotiated cash markets dropped another $0.90 USD/cwt in yesterday's trade as packers are flush with live supplies. The Midwestern regions are now trading at their lowest level since the first week of January and have lost approximately 25% of their value since the 2017 highs seen in mid-February. Lean hog futures likely saw influence from the recent cash market weakness with the summer month contracts dropping to their lowest level since late-October 2016. Traders are factoring in the idea that the typically tight supply situation normally seen in June/July will not be as pronounced this year due to the growth in market hog numbers. On the other hand, the October contract is trading at only a $5.00 USD/cwt discount to the June contract when that discount is normally closer to $12.00 USD/cwt. Producers who have not yet covered some of their 4th Quarter production should use the recent support as an opportunity to cover a minimum of 1/3 of their fall/winter production at current prices.*

Canadian delivered soymeal prices opened lower this morning. *US soybean futures are trading higher this morning, in part, to news coming from Brazil where port workers are planning a 24-hour strike that will include the largest port of Santos at the end of next week. While the strike itself is not expected to last that long (24 hrs), distribution channels will be disrupted for a longer period as work slows, then stops, then ramps back up again. It could take days for pipelines to be normalized and in the meantime, international end users could look elsewhere to ensure their operations are disturbed to the least degree possible. Fundamentals remain bearish, however, with over 113 MMT expected from Brazil alone and estimates for a 16.4% stocks to use ratio in the US for the 2017/18 crop (12% indicates price pressure).*

US corn futures opened higher this morning. *There is talk that the recent strength could be the beginning of a longer-term recovery from recent lows. There is chatter coming out of China making the rounds this morning suggesting an increase of 15-20 MMT in demand for industrial end users could develop, citing rumours of a policy shift (an industrial-use cap could be lifted). As well, other demand news is supportive; the ethanol component in gasoline exceeded 10% for the first time ever by overall volume and production itself is up 5.7% over last year. Potentially planting-delaying, wet weather in some US growing regions has been recently supportive as well, but there are thoughts the current delays are already priced in.*

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		155.01 159.91	156.39 165.75	162.26 168.81	156.85 165.41	152.16 160.92	149.07 151.98	136.66 148.61	134.17 142.53	139.37 147.72	148.33 151.55
Soymeal Wpg Delivered.	449	449	452	452	455	455					