



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 21, 2017

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

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

US Slaughter	
443,000	Thursday
432,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$53.80
National	\$63.13
Iowa/S. MN.	\$53.61
Signature 5	\$141.90
HyLife	\$149.65
Britco	\$132.17
TCP/BP2	\$141.99
4-Mo. Sig5 Fwd	\$ 159.20
BoC Rate (Noon) prev. day \$1.3480 CAD / \$0.7418 USD	
Cash Prices Week Ending April 22, 2017	
Signature 3	135.28/61.36
Signature 4	151.43/68.69
Signature 5	143.36/65.03
h@ms Cash	141.86/64.35
HyLife	n/a
Britco	138.79/62.95
TCP/BP2	147.85/67.06
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 struggled to find any support this week as the Midwestern regions reported losses every day, losing about \$3.00 USD/cwt for the week. This recent 5% decline takes the negotiated price to the lowest level for 2017 and corresponds with a lack of any seasonal decline in hog numbers. On the positive side, weekly pork exports have responded to the weaker wholesale pork prices and the volume of pork sold to export destinations is up sharply. China reportedly bought 24,000 tonnes from the US last week in the first real indication of a tangible response to a 12% decline in US wholesale pork prices over the last 6 weeks. China's increased interest in US pork is unlikely to be able initiate a recovery in cash prices, but it may provide some much-needed support in a market that has been extremely weak. Producer focus should be on covering their fall and winter month production with a minimum of 1/3 of their production covered at current prices. Given the heavy supply and weak cash market, fall and winter prices represent very good value with prices only \$10 CAD/kg lower than the highs put in one month ago.

Canadian delivered soymeal prices opened even this morning. Joining the Brazilian port workers are Argentine port workers who will be conducting their own work stoppages in a series of unrelated short-term strikes. While not empirically proven, these work actions appear to take place with relative consistency this time of year when crops are moving off the field and the job actions will potentially have maximum impact. The strikes typically don't last very long relatively speaking, but they almost always add a supportive tone to the trade, especially in the nearby contracts. This year is no different and markets are trading higher to finish the week. Fundamentals remain bearish, however, with both hemispheres pegged to produce record volumes amid a relatively consistent demand outlook so far.

US corn futures opened lower this morning. Unlike beans, the US corn futures market is trading lower to finish the week. There are reports of South American corn imports entering the US east coast from Brazil and feeding rumors that high levels that vomitoxin could be present in a portion of remaining regional corn stocks. However, there is also a fair amount of chatter suggesting that a normal weather year in China combined with a lower yield in the US could draw down global stocks enough to support the trade further out. There is a lot of weather ahead and final yields are far from certain. Regardless, analysts note a 5% drop in yield from trendline could be enough to turn the market around.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		152.58 157.50	153.97 163.35	160.19 166.76	155.08 163.67	149.90 158.68	146.60 149.51	132.43 144.39	129.93 138.30	136.37 144.71	145.32 148.53
Soymeal Wpg Delivered.	449	449	452	452	455	455					

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