



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 24, 2017

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

www.hamsmarketing.ca

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

| US Slaughter | |
|---|-------------------------|
| 2.287 mil. | Last Week |
| 2.233 mil. | Last Week (year ago) |
| Daily Prices | |
| W. Corn Belt | \$53.32 |
| National | \$62.66 |
| Iowa/S. MN. | \$53.42 |
| Signature 5 | \$141.08 |
| HyLife | \$148.66 |
| Britco | \$131.92 |
| TCP/BP2 | \$141.08 |
| 4-Mo. Sig5 Fwd | \$ 158.60 |
| BoC Rate (Noon) prev. day \$1.3503 CAD / \$0.7406 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 | 149.06/67.61 |
| Britco | 138.79/62.95 |
| TCP/BP2 | 147.85/67.06 |
| ISO Weans | \$29.61 US Avg. |
| Feeder Pigs | \$59.08 US Avg. |
| #1 Export Sows (+500lbs.) | \$42.00 /cwt. (Tagged) |

Forward contract prices opened mixed this morning. US regional cash markets lost approximately 4% of their value in last week's trade as packers are flush with hogs at a time when supplies typically tighten up. Prices are down 17% from last year's levels and are trending lower. However, last week's pork exports were up sharply from any week in the last several months with Chinese purchases representing the overwhelming majority of the growth. At this point it is difficult to determine if the 'extra' pork sales will be maintained in the weeks ahead and provide lasting price support, but the news comes at a time when wholesale pork prices needed some positive news to stop the decline. Lean hog futures have seen several days of losses, but there is a major difference between June - August timeframe and the September - December timeframe. This could relate to the market's consideration for the two new plants that are expected to start operations this summer and fall and will likely force packer operating margins to fall. With September - December forward contract prices down only 5% from their highs in early March, producers without price protection in this timeframe should secure profitable prices on a minimum of 1/3 of their production.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher to start the week, but there are thoughts the support could be relatively short-lived. Analysts point to the massive crop coming from South America in general, and Brazil in particular, and there are thoughts that if Brazil becomes an aggressive exporter (as is currently believed to be the case), US ending stocks could be pushed even higher on poor demand. Numbers as high as 667 million bu. are currently being suggested compared to the 435 million currently and under 200 million just two seasons ago. Argentine harvest behind the average pace but not at its worst, coming in at 21% complete compared to the 42% 5-yr average and 15% last year.

US corn futures opened higher this morning. There are indications that the forecast wet weather and thoughts that global corn stocks could tighten (depending on growing conditions this season) are behind some of the recent strength this morning. However, the market is also very aware that farmers can get much accomplished in terms of planting progress if given a week of dry(er) weather to get the crop in the ground. Traders will have a better idea of what to work with once actual acreage is more known. In the meantime, there is talk that US farmers are holding old crop corn as well as they wait for better selling opportunities.

| Fixed Forward Range (at opening) | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|-------------------------------------|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 157.51 | 153.98 163.34 | 158.77 165.32 | 154.34 162.90 | 149.97 158.73 | 146.79 149.69 | 132.99 144.92 | 130.50 138.85 | 136.91 145.27 | 145.88 149.10 |
| Soymeal Wpg Delivered. | 455 | 455 | 458 | 458 | 461 | 462 | | | | | |

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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