



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 26, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
439,000	Tuesday
432,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$53.85
National	\$62.23
Iowa/S. MN.	\$53.93
Signature 5	\$142.39
HyLife	\$148.04
Britco	\$134.29
TCP/BP2	\$142.39
4-Mo. Sig5 Fwd	\$ 166.46
<b>BoC Rate (Noon) prev. day</b> \$1.3615 CAD / \$0.7345 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.) \$44.50 /cwt. (Tagged)	

**Forward contract prices opened higher this morning.** US cash markets found some support yesterday as hog supplies have eased slightly over the last few days. However, wholesale pork prices have come under increased pressure and have dropped to their lowest level since early December 2016. Pork bellies, which make up about 16% of the carcass by weight, were down nearly 10% from last week. With pork production increasing by about 2% over last year, last week's Cold Storage report (which showed stocks down 10%) indicates very good pork movement in both the domestic and export channels. Recent weekly export data suggests that China has started to increase its purchases from the US which is a requirement needed to avoid further price declines. Yesterday, summer month lean hog futures staged a sharp recovery, adding more than \$2.00 USD/cwt to their value. When combined with the weakness in the Canadian Dollar (which came in response to the US Commerce Dept. announcing tariffs on Canadian lumber), forward prices are trading near their highest level for the last month. Producers should use this recent strength as a pricing opportunity, particularly in the September – December timeframe where covering half of their production would be prudent based on the expectation of heavy pork supplies.

**Canadian delivered soymeal prices opened lower this morning.** While there is some supply uncertainty regarding Argentina due to recent weather challenges, Brazil estimates are more or less steady. The Brazil harvest is over 93% complete and final production numbers from Brazil will be almost certainly be record setting. Despite the large Brazil volume, meal buyers should be mindful of the Argentine challenges as Argentina is the world's number one meal exporter; harvest in that country is behind pace by more than 20%. In the meantime, the market is turning to developments in the US for direction and weather is playing a prominent role. Although the spring rain has posed some challenges for the corn crop, speculation has turned to more serious talk that corn planting delays in areas not yet planted may see farmers switch to soybeans.

**US corn futures opened lower this morning.** US corn futures are getting a bit more support recently, in part, due to talk that corn acreage could go to soybeans, and some more recent news that early planted southern US corn could need to be replanted. While the southern states aren't huge corn producers relatively speaking, a recent weather pattern is pushing its way into Illinois. This most recent rain could necessitate replanting if areas previously planted become washed out as is currently the concern. It is very much a weather market currently, and will likely continue to be so in the short term, assuming no other major development materializes.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		166.20	162.65 172.08	167.47 174.07	162.06 170.69	156.22 164.60	152.57 155.50	137.51 149.55	135.00 143.42	141.65 150.05	150.66 153.90
Soymeal Wpg Delivered.	457	457	459	459	462	462					

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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