



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 27, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Wednesday
433,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$54.95
National	\$62.01
Iowa/S. MN.	\$54.85
Signature 5	\$143.26
HyLife	\$148.59
Britco	\$136.35
TCP/BP2	\$143.26
4-Mo. Sig5 Fwd	\$ 168.67
BoC Rate (Noon) prev. day \$1.3592 CAD / \$0.7357 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 were higher in yesterday's trade with hog supplies moderating from recent levels and leaving a few plants with excess capacity. However, some producers appear to be holding back hogs from their normal shipping schedule as reflected by a surge in carcass weights in the Iowa/ S. Minnesota region to 284.9 lbs. last week. This latest increase takes hog weights to their highest level in 16 months and added 0.5% to the amount of pork being produced. Lean hog futures experienced some support earlier this week with large speculators slowing the sell-off of their large long position. Without this influence, summer and fall month contracts are expected to take direction from the cash market which should see some seasonal support; hog numbers are expected to decline by 5% over the next 6 weeks. Given the heavy supply expectations and uncertain demand, fall and winter prices represent very good value at only \$10 CAD/kg lower than the highs put in one month ago. Producers should look to cover up to half of their September – December production.

Canadian delivered soymeal prices opened higher this morning. Nearby US soybean futures are trading at among the lowest levels since last autumn so it is perhaps no surprise that the trade is showing a bit of support following the past couple sessions of choppiness. To be sure, there are a lot of beans on the way and the US crop is expected to show increased planted acreage, especially if farmers switch from corn to beans. In fact, most in the trade are calling for another move lower in the absence of any weather damage to the soybean crop in either hemisphere. Regardless, US soybean futures are higher this morning, and it appears mid-range technicals and some Chinese demand speculation are behind the support, not to mention the general tone of uncertainty in ags (see below).

US corn futures opened higher this morning. US corn futures are trading higher this morning, largely on thoughts of a recovery bounce following the uncertain tone in the market yesterday when the specifics regarding a NAFTA renegotiation were very unclear due to a series of inconsistent statements from the White House and the President yesterday. The uncertainty is palpable. Almost everyone agrees that an exit from NAFTA would be negative for US agriculture broadly, but there is considerable debate on whether the statements are a negotiation strategy because there appears, for now, to be no consistent tack or policy direction. Volatility is expected in the near to mid term while the weather is supportive; rain is forecast to pelt the US Midwest until at least May 10, potentially delaying planting progress.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		169.11	165.55 175.00	169.96 176.58	164.30 172.95	156.57 165.42	153.11 156.04	137.74 149.79	135.23 143.66	142.37 150.80	151.42 154.67
Soymeal Wpg Delivered.	458	458	460	460	463	463					

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