



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 28, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Thursday
401,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$55.82
National	\$61.51
Iowa/S. MN.	\$56.01
Signature 5	\$144.53
HyLife	\$147.15
Britco	\$140.00
TCP/BP2	\$144.53
4-Mo. Sig5 Fwd	\$ 171.50
BoC Rate (Noon) prev. day \$1.3667 CAD / \$0.7317 USD	
Cash Prices Week Ending April 29, 2017	
Signature 3	135.25/61.35
Signature 4	149.57/67.84
Signature 5	142.41/64.60
h@ms Cash	140.91/63.92
HyLife	n/a
Britco	133.80/60.69
TCP/BP2	143.36/65.03
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 staged a recovery this week even as hog supplies continue to flow at rates 4.5% larger than year ago levels. Last week's news showing increased Chinese buying of US pork has been the primary bullish factor supporting cash prices. However, packers have dipped into their profits in order to pay more for live hogs as wholesale pork prices have fallen to their lowest level since December 1, 2016. Lean hog futures have rallied 7% in value this week, in part, due to the cash market support, but the large speculative traders have slowed the selling of their 'bought' position, which has relieved some of the selling pressure the market has been dealing with over the last 6 weeks. The only new, long term fundamental factor seen this week is the larger threat of the US pulling out of the North American Free Trade Agreement (NAFTA), which, if it happened, would have very negative implications for the US pork market. Producers should take advantage of the recent rally in forward contract prices by hedging half of their Sep – Dec production, in order to avoid the impact of heavy fall supplies and uncertain demand.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed to finish off a choppy week in the market, and still fail to provide any meaningful direction. The trade has been influenced by a variety of factors over the past week stemming from large S. American supplies (pressuring), thoughts of US corn acres moving to beans (pressuring), technical dynamics (support), good global demand (support) and for Canadian meal buyers, a fair amount of currency volatility stemming from inconsistent US 'policy' announcements last week. Market participants are expecting large volumes of beans that could pressure further out. However, Argentina, the largest meal exporter in the world, is about 20% behind the normal harvest pace and could also lose acreage to wet weather challenges.

US corn futures opened lower this morning. The pressure appears to be stemming from the uncertainty associated with the tone of any US trade renegotiations which could have a negative consequence for US agriculture. The bitterness between the US and some of its largest agricultural trade partners is growing. For example, a senator in Mexico is still pushing forward for new corn deals with Argentina and Brazil citing US antagonism and uncertainty as motivating factors. However, US corn could get a boost fundamentally. A common theme over the past two weeks has been models showing ending stocks could drop 700 million bu. (and potentially more on potential acreage reductions) if 2017/18 yields drop by only 5% from trend line.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		171.91	168.34 177.84	173.38 180.03	167.28 175.97	158.66 167.55	155.28 158.22	139.21 151.32	136.68 145.16	143.10 151.52	152.14 155.38
Soymeal Wpg Delivered.	457	457	459	459	463	463					

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