



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 03, 2017

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

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

US Slaughter	
417,000	Tuesday
439,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$59.79
National	\$62.81
Iowa/S. MN.	\$59.81
Signature 5	\$151.67
HyLife	\$151.02
Britco	\$150.08
TCP/BP2	\$151.67
4-Mo. Sig5 Fwd	\$ 174.57
<b>BoC Rate (Noon) prev. day</b> \$1.3720 CAD / \$0.7289 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	147.79/67.04
Britco	133.80/60.69
TCP/BP2	143.36/65.03
ISO Weans	\$27.38 US Avg.
Feeder Pigs	\$55.96 US Avg.
#1 Export Sows (+500lbs.)	\$49.00 /cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets have been firming up recently, but this is the first time consistently strong day-over-day increases in all the reporting regions have been seen since mid-February. Iowa/S. Minnesota and WCB regions were up approximately \$2.00 USD/cwt over previous session while the National reporting region gained about \$1.50. The degree to which these increases materialize into the summer remain to be seen but there is a general consensus that the cash market is poised to move higher as supplies decline and (domestic) demand ramps up as is often the case this time of year. Lean hog futures have been showing some recent strength and are trading at a premium in the neighbourhood of 18% over the current cash market. While the trade is technically overbought, Chinese demand has been good to date and there are thoughts that the recent strength in beef will be supportive in the mid-term. There are calls for a correction in the futures market, but the correction has yet to materialize, providing producers with some opportunity to lock in a 'guaranteed rally' for summer contracts as well as profitable protection levels in the fourth quarter of 2017.

**Canadian delivered soymeal prices opened higher this morning.** The slow pace of soybean selling in Brazil has been cited in part for the recent strength in beans. Export pace has been used as a measure and Brazil's currently sits at 51% compared to last year's 60%. However, the strategy could be relatively short-lived as farmers can't hold onto the beans indefinitely and with a large crop of corn on the way, storage space will become an issue either forcing beans or corn into the marketplace. The other supportive development is the slow pace of Argentina harvest which is important for meal buyers elsewhere; Argentina is the largest exporter of meal in the world.

**US corn futures opened higher this morning.** The US weather remains a prominent story for the corn futures trade as it has been less than cooperative for the first of the planting season. Excessive moisture, cool temperatures and even snow have slowed the planting pace. And, for the corn in the ground, there are thoughts that replanting could be necessary amid the wash-outs and flooding. If too many acres are lost or replaced with soybeans, ending stocks estimates could be pushed lower, likely supporting the trade, especially if reduced yields materialize as has been suggested earlier.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		174.52 182.36	178.43 185.09	170.89 179.61	160.89 169.81	157.73 160.69	140.05 152.21	137.551 146.02	148.46 153.99	154.61 157.88
Soymeal Wpg Delivered.	456	468	468	471	471	485				

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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