



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 09, 2017

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

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Hog Prices: ↑ Soymeal: ↑

Corn: ↑ CDN Dollar: ↑

US Slaughter	
430,000	Monday
418,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$66.49
National	\$66.38
Iowa/S. MN.	\$66.60
Signature 5	\$164.26
HyLife (prev. day)	\$160.20
Britco (prev. day)	\$166.93
TCP/BP2	\$164.26
4-Mo. Sig5 Fwd	\$ 177.76
<b>BoC Rate (Noon) prev. day</b> \$1.3705 CAD / \$0.7297 USD	
Cash Prices Week Ending May 6, 2017	
Signature 3	151.54/68.74
Signature 4	152.35/69.11
Signature 5	151.95/68.92
h@ms Cash	150.45/68.24
HyLife	152.90/69.35
Britco	137.31/62.28
TCP/BP2	142.41/64.60
ISO Weans	\$30.88 US Avg.
Feeder Pigs	\$54.75 US Avg.
#1 Export Sows (+500lbs.)	\$54.50 /cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets started this week higher with strong support coming from wholesale pork values. The pork cut-out is finding broad support from all the primal cuts this week, resulting in a rally of \$1.25 USD/cwt over Friday's value, and influencing pork prices to their highest level since mid-March. Strong export sales provide the base for these recent gains as inventory remains low and packers have viable options for their production when negotiating prices with pork buyers. March pork export sales saw year over year growth in most of the major markets with Mexico (+34%), Japan (+2%) and South Korea (+31%) all showing gains. Pork sales to China have been disappointing when compared to expectations as the volume of pork sold to China/Hong Kong was down more than 25% from last year despite strong Chinese pork prices. The trend in lean hog futures have reflected the good news in export sales experienced over the last month, but in order to maintain the bullish trend, further growth is required. Producers should use the recent support as an opportunity to cover up to half of their production for what remains of 2017.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher ahead of tomorrow's WASDE report which is expected to show record ending stocks for the 2017/18 crop year (the May report is the first shift to a new crop focus). A slower-than-normal planting pace and strong exports are providing underlying support. Soybean planting is coming in at 14% compared to the 16% average and 10% last week. US exports are at 90.4% of the USDA forecast compared to a 5-year average of 89.6%. While it is likely that a lot of beans will be coming to market based on the successful production in South America, Brazil exports are slower than expected and farmer holding is cited in part for the delays.

**US corn futures opened higher this morning.** Strength in US corn futures this morning is thought to be, in part, a function of delayed planting progress and uncertainty regarding the level of 'prevent plant' acreage (acreage pegged for a crop in the new crop year, but left unplanted due to adverse weather) for the US 2017/18 crop. Although crop progress yesterday came in higher than expectations, overall progress is slightly behind the average; 47% is complete currently compared to a 52% average pace; wet weather is still a concern. The WASDE report will be released tomorrow and there are thoughts that the US will experience another 2+ billion bu. in ending stocks for the 2017/18 crop year at current production and demand estimates.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		181.00 188.83	181.66 188.53	174.92 183.64	163.27 172.18	160.35 163.32	141.84 154.01	139.30 147.81	146.35 154.82	155.43 158.70	158.50 163.78	134.30 165.16
Soymeal Wpg Delivered.	474	471	465	469	469	482						

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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