



# Hog Margin Outlook

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Wednesday, May 10, 2017

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

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

US Slaughter	
443,000	Tuesday
432,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$68.26
National	\$68.11
Iowa/S. MN.	\$68.33
Signature 5	\$168.87
HyLife (prev. day)	\$164.29
Britco (prev. day)	\$171.56
TCP/BP2	\$168.87
4-Mo. Sig5 Fwd	\$ 176.61
<b>BoC Rate (Noon) prev. day</b> \$1.3728 CAD / \$0.7284 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 lower this morning.** US negotiated cash prices continued their bullish trend in yesterday's trade with most regions reporting gains of nearly \$2.00 USD/cwt. Over the past two weeks, cash prices have climbed about \$14.00 USD/cwt, more than 25% of their value. The size and speed with which the cash market has gained value exceeds last spring's rally, however prices are still about 10% lower than they were at this time last year. Lean hog futures traders believe that the cash market will continue to rally with the value of the June contract suggesting an additional rally of 10% over the next month. After that, futures values are flat until mid-August when they are expected to deteriorate amid the increase in fall hog supplies. The combination of a low Canadian Dollar and strong deferred-month lean hog futures result in attractive forward contract prices in the September – December timeframe. Producers can currently secure prices of \$150 CAD/ckg over this period which is 25% higher than what cash prices were in this same period last year.

**Canadian delivered soymeal prices opened higher this morning.** While the biggest development in today's WASDE report is the focus on the new crop year, old crop ending stocks will be closely watched for some interim direction; the Brazilian agency CONAB will update Brazil production numbers tomorrow. The consensus is that there will soon be a lot of beans in the global marketplace, but demand also remains high and there is some evidence Brazil farmers are withholding supply, for now, providing support. In the meantime, South American production is estimated between 110.2 MMT (CONAB, April) and 112.3 MMT (private, current). US ending stocks are expected to come in between 417 and 513 million bu, for 2016/17 and between 420 and 759(!) million for 2017/18 at current acreage, yield and demand estimates.

**US corn futures opened higher this morning.** The higher trend ahead of the May WASDE report is a function of thoughts that a global drawdown in stocks will be revealed along with ideas that troublesome weather so far in the US corn planting phase will see either an increase in prevent plant acres and/or some farmers switch corn acres to beans. There is likely some pre-report positioning as well. Planting progress has been made and this week's numbers are up 34% from the previous week, but still behind the 52% 5-year average, coming in at 47% complete. US ending stocks for today's WASDE report are estimated between 2.269 and 2.458 billion bu. for 2016/17 and 1.811 and 2.513 billion for 2017/18.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		179.69 187.52	180.06 187.22	174.31 183.02	162.22 171.13	159.11 162.06	140.62 152.77	138.08 146.58	146.06 154.55	155.16 158.43	158.43 163.72	163.76 164.62
Soymeal Wpg Delivered.	477	474	468	471	471	485						

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

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