



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, May 15, 2017

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

www.hamsmarketing.ca

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

Forward contract prices opened mostly higher this morning.

US negotiated cash markets are anticipated to trade higher this week, adding to the gains made over the previous three weeks. With pork cut-out values trading at their highest level since mid-February, packers have good incentives to pursue additional live hog supplies; packer profitability is estimated to be very good with per hog gross profits at around \$25 USD per hog. The weekly hog slaughter was estimated at 2.258 million hogs, 4.4% larger than the same week in 2016. With pork production averaging more than 4% larger than year-ago levels over the last month, it is impressive that cash hog prices have been strengthening and trading at only a 2% discount to prices experienced last May. Excellent export sales have been the largest contributor to the price rally over the last month with recent export data suggesting volumes are up more than 20% over year-ago levels. Producers that have not covered some of their price risk for the last half of 2017, should use the recent rally and current prices as an opportunity to mitigate some of the price risk associated to the heavy supplies that are expected this fall and winter.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading higher on follow-through short covering that began last week and thoughts that any acreage switched from corn to beans may not be as high as first thought. While the consensus is that there will be some acreage shifting due to previously poor weather for corn planting, only one private firm has adjusted their official estimates higher (publicly) and only by 200,000 acres more than the USDA's current estimate. One analytics firm is by no means the definitive authority on the subject; however, commentary this morning suggests that, maybe, there won't be a massive influx of soybean acres as first thought. The above, and a planting progress that is expected to come in a bit behind the 32% 5-year average, has set a supportive tone this morning despite thoughts that Brazil product will be available soon.

US corn futures opened mixed this morning. The chopiness in US corn futures reflects the seemingly contrasting information influencing the market. On the one hand, there is evidence farmers made significant progress lately with more progress to be made this week. There are some dryer, warmer periods (mid 80s F) in the forecast and farmers are expected to make some progress ahead of some wet weather forecast in the WCB. On the other hand, planting progress is expected to come in lower than the average pace in today's report (65% compared to a 71% 5-year average) and there are still concerns that if yield comes in lower than trendline by only 5%, ending stocks could come in well below 1.5 million bu. in 2017/18 which would likely support prices into the next year.

| US Slaughter | |
|--------------|----------------------|
| 2.258 mil. | Last Week |
| 2.162 mil. | Last Week (year ago) |

| Daily Prices | |
|--------------------|----------|
| W. Corn Belt | \$70.26 |
| National | \$71.59 |
| Iowa/S. MN. | \$70.28 |
| Signature 5 | \$175.44 |
| HyLife (prev. day) | \$172.71 |
| Britco (prev. day) | \$176.27 |
| TCP/BP2 | \$176.23 |

| | |
|----------------|-----------|
| 4-Mo. Sig5 Fwd | \$ 176.21 |
|----------------|-----------|

| | |
|----------------------------------|--|
| BoC Rate (Noon) prev. day | |
| \$1.3714CAD / \$0.7292 USD | |

| Cash Prices Week Ending May 13, 2017 | |
|--------------------------------------|--------------|
| Signature 3 | 171.02/77.57 |
| Signature 4 | 165.15/74.91 |
| Signature 5 | 168.08/76.24 |
| h@ms Cash | 166.58/75.56 |
| HyLife | 166.75/75.64 |
| Britco | 155.52/70.54 |
| TCP/BP2 | 151.95/68.92 |

| | |
|---------------------------|------------------------|
| ISO Weans | \$31.08 US Avg. |
| Feeder Pigs | \$56.42 US Avg. |
| #1 Export Sows (+500lbs.) | \$54.50 /cwt. (Tagged) |

| Fixed Forward Range (at opening) | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|----------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 183.48 187.46 | 182.69 189.32 | 175.74 184.40 | 161.81 170.68 | 158.54 161.48 | 140.17 152.25 | 137.64 146.10 | 145.42 153.91 | 154.53 157.80 | 158.34 163.63 | 163.66 164.52 |
| Soymeal Wpg Delivered. | 469 | 466 | 460 | 464 | 465 | 478 | | | | | | |

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and **all pricing is subject to verification**. Any unauthorized distribution is strictly prohibited.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

CALL CRYSTAL FOR MORE INFO 204-235-2225

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS