



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 16, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
437,000	Monday
432,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$70.66
National	\$72.63
Iowa/S. MN.	\$70.83
Signature 5	\$176.27
HyLife (prev. day)	\$175.31
Britco (prev. day)	\$176.71
TCP/BP2	\$176.27
4-Mo. Sig5 Fwd	\$ 175.79
<b>BoC Rate (Noon) prev. day</b> \$1.3641 CAD / \$0.7331 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.)	\$56.50 /cwt. (Tagged)

**Forward contract prices opened lower this morning.** US cash markets started the week higher with negotiated prices gaining about \$0.50 USD/cwt in the Midwest. Typically, the next month of trade is among the strongest timeframes of the year as hog numbers decline seasonally about 5% from April to June while demand for fresh pork strengthens on better demand for grilling products like loins and ribs. Prices for wholesale pork products are still trailing prices experienced one year ago, but with pork production averaging close to 4% larger, demand is performing very well. The issue that could impact the last half of the year is whether or not this level of demand growth is sustainable for the next 7 months, when the market is expected to see the largest pork supply it has ever seen. Forward contract prices represent good value, given the current market fundamentals with producers urged to consider securing prices on up to half of their production.

**Canadian delivered soymeal prices opened lower this morning.** A slower than average Argentine harvest pace (-15% relative to last year), a higher Brazilian currency (influencing farmer marketings), and talk that China may still be interested in US supplies amid the choked-off South American supply pipeline is supporting the market for now. US planting also came in slightly below expectations at 32% complete relative to market expectations adding to the support. However, there is talk that without sustained Chinese buying, the market is poised for a turn lower. As well, while the planting progress is behind last year's pace, it is higher than the 29% 5-year average. NOPA crush numbers are also lower for the third month in a row adding support to the meal component of the complex.

**US corn futures opened lower this morning.** According to the USDA, planting progress is at 71% compared to 47% last week and a 69% 10-year average. The market was expecting about 68% to be completed so the news was bearish relative to expectations. US farmers have made good progress over the last week as they took advantage of some dry(er) weather to get the crop into the ground. Also adding pressure this morning is news that a Mexican livestock company signed contracts to import 60,000 MT of corn from Brazil for delivery in August; the event has some suggesting this could be the beginning of a fundamental shift in demand dynamics for some previous US customers in Mexico.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		183.62 187.60	182.46 189.08	174.86 183.51	161.26 170.11	158.02 160.96	139.92 151.98	137.40 145.84	144.28 152.72	153.33 156.59	157.54 162.81	162.86 163.72
Soymeal Wpg Delivered.	467	464	464	463	462	476						

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HWY #6 AND RD 236

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