



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 18, 2017

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

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

US Slaughter	
438,000	Wednesday
430,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$71.68
National	\$74.58
Iowa/S. MN.	\$71.99
Signature 5	\$179.54
HyLife (prev. day)	\$178.45
Britco (prev. day)	\$179.25
TCP/BP2	\$179.54
Sig5 - Full Range	\$ 160.63
<b>BoC Rate (Noon) prev. day</b> \$1.3614 CAD / \$0.7345 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 were steady in yesterday's trade, interrupting the recent trend of daily gains of \$0.50-\$1.00 USD/cwt over the last few weeks. Packers have healthy operating margins to bid from with the pork cut-out hitting its highest level since July of last year. All of the primal cuts have made positive contributions to the pork cut-out in the last month, but loins and bellies have experienced the strongest gains which contributed to the 20% run up in prices. Pork prices are now trading higher than year ago levels despite pork production exceeding 2016 levels by about 3%. Summer month lean hog futures already hold a premium to the cash market of about \$6.00 USD/cwt, but cash market fundamentals appear strong and supportive of additional gains. However, the fall and winter month contracts have struggled to make any gains over the last two weeks as supply concerns are keeping a lid on any advance. Producers should focus their attention on covering the Sep – Feb production, with consideration for hedging as much as half of their production in this timeframe over the next few weeks.

**Canadian delivered soymeal prices opened lower this morning.** Brazil farmers may once again start selling more aggressively. The local currency (real) has come under pressure following new political uncertainty in the country that has pushed the value of the real lower. The result has been a sell-off in the overnight sessions that has continued into this morning. Canadian meal prices have likewise moved lower, exacerbated by strength in the Canadian dollar (related to weakness in the USD). The USA is also dealing with its own political turmoil and the US dollar has come under pressure due to uncertainty around the current leadership's ability to usher in new economic policy. As such, markets are volatile and producers may find some opportunity amid the volatility.

**US corn futures opened lower this morning.** Like beans, US corn futures are lower this morning following developments in Brazil where the country is considered a major exporter of corn (among other crops such as soybeans, coffee and sugar). The new bottom for corn (and soybeans) has yet to be defined, but for corn, in particular, the losses could be contained. An influx of selling into the global market will pressure prices in the short term. However, there is some concern that the US corn crop may not be as large as it could possibly be. At issue is some wet and cold weather that could delay pollination (not to mention earlier replanting and prevent plant concerns) as well as ongoing chatter that yield for 2017/18 might not be as strong as the trendline. Global stocks are also expected to be drawn down in the mid term.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		184.38 188.35	180.62 188.06	173.69 182.34	160.39 169.23	157.21 160.15	139.06 151.12	136.54 144.98	142.47 150.89	151.50 154.75	155.41 160.66	160.86 161.71
Soymeal Wpg Delivered.	459	456	450	454	455	469						

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.

Please note that the Four Month Forward Contract average price on the HMO has been replaced with a 'Full Range' value in order to better align with our other product offerings. A three, six and nine-month average can be found on the Opening Price Report. Please call the Risk Management office at 204-235-2237 for other scenarios.