



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 23, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

US Slaughter	
441,000	Monday
433,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$71.21
National	\$75.76
Iowa/S. MN.	\$71.35
Signature 5	\$179.46
HyLife (prev. day)	\$181.49
Britco (prev. day)	\$176.74
TCP/BP2	\$179.46
Sig5 - Full Range	\$ 160.16
BoC Rate (Noon) prev. day	
\$1.3544 CAD / \$0.7383 USD	
Cash Prices Week Ending May 20, 2017	
Signature 3	177.77/80.64
Signature 4	178.24/80.85
Signature 5	178.01/80.74
h@ms Cash	176.51/80.06
HyLife	178.05/80.76
Britco	173.47/78.69
TCP/BP2	168.08/76.24
ISO Weans	\$29.12 US Avg.
Feeder Pigs	\$51.71 US Avg.
#1 Export Sows (+500lbs.) \$56.50 /cwt. (Tagged)	

Forward contract prices opened mixed this morning. US cash markets started the week with lower bids from packers, but wholesale pork prices gained nearly \$1.50 USD/cwt to take the pork carcass cut-out to its highest level since mid-July of last year. Hog supplies are abundant with last week's total slaughter estimated at 2.25 million hogs, 6.3% higher than year ago levels. A continuation of the cash market rally that we have experienced over the last month is contingent on moving the high volume of product, but there are indications that demand is not keeping up. For example, the inventory of pork in cold storage increased 9% over the month while the normal inventory build is typically only about 3%. If improved export or domestic demand cannot clear the added inventory, prices will need to decline in order to encourage higher sales volumes and prevent a massive supply build up this fall. September – February forward contract prices are trading just shy of their 2-month highs which represents an attractive price to be hedged at considering the current market uncertainty.

Canadian delivered soymeal prices opened lower this morning. The consensus is that more beans will, at some point, be sold into the global market from Brazil as farmers are still reportedly holding supplies. Analysts point to data showing Brazil sales are at their lowest rate since 2007 (coming in at 55% sold). Whether the sales will be gradually released or sold quickly into the market (as happened during the Argentine currency collapse in 2015/16) remains to be seen. Regardless, most traders are preparing for a bottom in the Brazilian real before another round of bean selling commences. In the meantime, the market is trading higher to start the holiday-shortened week on good Chinese demand (and the idea that Brazil is still holding supplies). US planting progress is higher than average pace, coming in at 53% planted, the same level as last year.

US corn futures opened higher this morning. While planting pace is equal to last year's progress (84%) and emergence is coming along at about the same rate as the 10-year average pace, US corn futures are trading higher on thoughts that recent wet weather is saturating fields that could pose to be problematic further out. At issue is an area stretching from South Dakota to Lake Erie to Missouri, including some large production states such as Iowa, where replanting is likely in some areas as others are presently concerned with germination and root development. This is not great news for those on the bearish side of yield projections and unless the area dries out relatively soon, projected yields (assuming normal weather) will be increasingly difficult to realize.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		190.15	183.14 189.86	176.40 184.96	160.81 169.56	157.58 160.49	138.85 150.78	136.36 144.71	141.30 149.63	150.23 153.45	154.22 159.41	159.99 160.84
Soymeal Wpg Delivered.	449	446	440	445	447	463						

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