



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 24, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

Forward contract prices opened mixed this morning. US cash markets recovered from their recent decline with gains of \$0.50-\$0.75 USD/cwt made in the Midwestern regions. Driving these gains are strong wholesale pork prices which have taken the pork carcass cut-out to its highest level since mid-July of last year. Primal ribs, bellies and picnics have all seen gains of about 7% over the last week which has provided underlying support to the cash and futures prices. However, with growing pork in inventory and pork production that has been running more than 5% higher than year-ago levels for the last month, the ability of the market to maintain recent gains is contingent on growth of both export and domestic demand. Exports to China have struggled to meet expectations, partly due to pork prices in the country that have declined from the extreme highs of last year. Producers should consider covering up to half of their planned Sep – Feb production at current prices which would secure the most profitable prices for this timeframe since 2014.

Canadian delivered soymeal prices opened lower this morning. US soybean futures continue to see some underlying support on a slight production estimate downgrade in Argentina and news of an unexpected 126,000 MT sale of US beans made yesterday. The 200,000 MT downgrade in Argentina is a function of too much rain in the south (in one of the major producing provinces), and too little rain in the north. However, there are ongoing thoughts that another round of sales will develop from the heavily supplied Brazil market once the local currency reaches a new bottom; many traders currently hold the view that this currency low has not yet materialized. In the meantime, the complex has stabilized from the initial move lower last week and is sensitive to global production revisions, US crop development and weather news.

US corn futures opened higher this morning. US corn futures are in a range bound pattern as the market waits for fresh news. The first crop conditions report will be released next week and while there are no pre-report estimates to cite at this time, last year's numbers showed 72% of the crop was in good/excellent condition at this time last year, a rate exactly equal to the 10-year average. Persistent wet weather in some major producing states has some analysts concerned that the crop may not be developing to full potential. And while accurate yield estimates are yet to be determined, the idea that yields could come in lower than expectation is becoming more of a real concern. Lower production in the US would exacerbate the widely anticipated global draw-down of stocks further out and add support.

US Slaughter	
440,000	Tuesday
430,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$71.41
National	\$76.47
Iowa/S. MN.	\$71.56

Signature 5	\$179.84
HyLife (prev. day)	\$182.28
Britco (prev. day)	\$176.55
TCP/BP2	\$179.84

Sig5 - Full Range	\$ 159.85
-------------------	-----------

BoC Rate (Noon) prev. day	\$1.3490 CAD / \$0.7413 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.)	\$55.50 /cwt. (Tagged)

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		191.49	183.99 191.20	179.96 185.51	160.38 169.12	157.31 160.21	138.03 149.96	135.54 143.89	141.09 149.45	150.06 153.29	154.01 159.23	159.29 160.14
Soymeal Wpg Delivered.	448	445	439	444	446	461						

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