



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 26, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

US Slaughter	
440,000	Thursday
430,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$72.47
National	\$76.59
Iowa/S. MN.	\$72.47
Signature 5	\$180.79
HyLife (prev. day)	\$181.43
Britco (prev. day)	\$178.31
TCP/BP2	\$180.79
Sig5 - Full Range	\$ 160.69
BoC Rate (Noon) prev. day	
\$1.3453 CAD / \$0.7433 USD	
Cash Prices Week Ending May 27, 2017	
Signature 3	176.58/80.10
Signature 4	182.50/82.78
Signature 5	179.54/81.44
h@ms Cash	178.04/80.76
HyLife	n/a
Britco	177.75/80.63
TCP/BP2	178.01/80.74
ISO Weans	\$29.12 US Avg.
Feeder Pigs	\$51.71 US Avg.
#1 Export Sows (+500lbs.)	
\$55.50 /cwt. (Tagged)	

Forward contract prices opened higher this morning. US cash markets traded mixed throughout the week, but are finishing the week near steady where prices started. There are conflicting factors that are preventing development of a trend and pork production is averaging about 5% more pork than year ago levels. There are strong indications that both domestic and export demand have improved significantly from the levels seen last year, but not all export destinations are purchasing more US pork. Chinese pork purchases are down close to 30% from April 2016, which leaves a massive deficit in demand that other countries have so far offset. However, with current prices relying on the excellent demand from Mexico, Japan and South Korea, the market is at risk of a pullback from the recent highs if any of these countries experience a slowdown. All remaining 2017 lean hog futures are trading at or near contract highs and represent good hedging value in the context of seasonal price trends and uncertain market fundamentals. Producers should consider pricing 25% of their summer production and 50% of the fall/winter production at current forward prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed to finish the week amid a basket of news that is anything but direction-setting despite the bearish tone. Pressuring factors include thoughts that if the Brazil currency finds a bottom, selling will once again resume. There is also talk that the exceptional Chinese demand is backing off somewhat, adding pressure. As well, early US crop production estimates using a modest 48 bpa yield, an 'aggressive' demand estimate, and 90 million acres planted show that a relatively large 615 million bu in ending stocks are possible for the 2017/18 crop year. The main supportive factor is the ongoing demand that could see global stocks decrease in 2017/18 by 9% from 2016/17 levels. In the meantime, dominant headlines are likely to provide direction for now (i.e. Brazil selling and/or US weather and crop progress).

US corn futures opened higher this morning. Unlike beans, US corn futures have found some support following mostly bearish news and pressure yesterday. For example, China sold 2.1 MMT out of state reserves from a 2.3 MMT offering, the majority of which going reportedly to ethanol/energy processors. On the domestic front, US crop progress was considered neutral with a 70% good/excellent rating. It is a bit too early to make conclusions from progress reports now, but the market is somewhat relieved to see no real issues yet. Next week's planting progress is expected to show 90% complete (91% 5-year average) as farmers have been able to work around many of the problematic weather patterns. However, uncertainty around prevent plant acreage and replanting requirements still loom on previous (and ongoing) oversaturation issues.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		192.70	185.24 192.40	179.07 187.62	161.33 170.07	158.23 161.13	138.55 150.47	136.06 144.40	141.30 149.64	150.24 153.46	154.23 159.43	159.77 160.61
Soymeal Wpg Delivered.	444	441	435	440	442	457						

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