



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 31, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑Soymeal: ↔

Corn: ↑ CDN Dollar: ↓

US Slaughter	
440,000	Tuesday
434,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$72.66
National	\$76.71
Iowa/S. MN.	\$73.04
Signature 5	\$181.39
HyLife (prev. day)	\$181.52
Britco (prev. day)	\$179.92
TCP/BP2	\$181.39
Sig5 - Full Range	\$ 161.19
BoC Rate (Noon) prev. day \$1.3469 CAD / \$0.7424 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	181.49/82.32
Britco	177.75/80.63
TCP/BP2	178.01/80.74
ISO Weans	\$29.51 US Avg.
Feeder Pigs	\$52.86 US Avg.
#1 Export Sows (+500lbs.)	\$52.00 /cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets were mixed in yesterday's trade with packers easily meeting their requirements after the Memorial Day holiday on Monday in the US. Packer profitability remains positive with the spread between cash hog prices and the pork cut-out value nearly double what it was last year. This implies that packers have a cushion in their margins should pork prices turn lower. Last year, the cash market peaked in late-June and eroded over the following six months to trade at nearly half its value in mid-November. While last year's trend was not typical in the size or rate of the price drop, this year threatens to have a comparable increase in supply from the summer into the fall, which could put significant pressure on wholesale pork prices. October and December lean hog futures are trading within \$1.50 USD/cwt of their contract highs, which represents a good hedging opportunity for up to 60% of a producer's planned production in the Sep – Feb timeframe.

Canadian delivered soymeal prices opened even this morning. US soybean futures have bounced from the lows reached yesterday following fresh selling after the US Memorial Day long weekend. The market has traded lower over the past six sessions and is reaching lows not seen since last fall. Rationale is not due to any one event, but good planting progress, some drier weather, and thoughts that increased selling from both Argentina and Brazil are cited as factors driving the sell-off. US planting progress came in at 67% complete compared to the 66% average and 71% last year. Currency woes in S. America could prompt a fresh wave of selling and analysts point to the slower-than-average cumulative pace to suggest beans could be backed up (relatively speaking) in Brazil suggesting another mass of beans could enter the marketplace.

US corn futures opened higher this morning. US corn futures continue to trade within the established range and have not hit the lows seen earlier in the year (March). For the most part, pressure remains on the trade especially as there is talk of Mexico looking elsewhere for supplies at the same time global and domestic stocks remain high. The corn trade was initially supported on talk of crop replanting and prevent plant acre concerns and these concerns could develop into production issues as one analytics firm notes conditions are the worst in 10 years in some regions and 16.7% of the total area is so far unplanted. It is still very early to be projecting conditions onto production estimates, but the lower than average condition is considered supportive and delays for the remainder as yet unplanted could present challenges further out.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			190.57 197.14	182.59 191.18	162.64 171.42	159.10 162.01	139.95 151.90	137.46 142.82	142.46 150.80	151.40 154.62	155.08 160.27	162.37 163.23
Soymeal Wpg Delivered.	438	435	429	434	436	452						

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HWY #6 AND RD 236

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