



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 01, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
441,000	Wednesday
436,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$45.25
National	\$51.57
Iowa/S. MN.	\$45.17
Signature 5	\$117.13
HyLife	\$121.95
TCP/Britco	\$110.91
4-Mo. Sig5 Fwd	\$126.50
BoC Rate (Noon) prev. day \$1.3426 CAD / \$0.7488 USD	
Cash Prices Week Ending November 26, 2016	
Signature 3	101.45/46.02
Signature 4	121.94/55.31
Signature 5	111.69/50.66
h@ms Cash	110.19/49.98
HyLife	120.97/54.87
TCP/Britco	100.80/45.72
ISO Weans	\$37.07 US Avg.
Feeder Pigs	\$39.31 US Avg.
#1 Export Sows (+500lbs.)	\$26.00/cwt. (Tagged)

Forward contract prices opened lower this morning. US cash markets were stronger again yesterday as packers have been willing to give up some of their excellent operating margins in order to secure the relatively few uncommitted hogs. Over the last six months, packer profitability, as measured by the difference between wholesale pork prices and the price paid for live hogs, has been the best in more than 10 years. However, packer margins are expected to tighten ahead of the opening of two new plants in the summer of 2017, with packers that own a significant share of the animals they process likely to lead the market higher. However, the industry still needs to make it through the critical period of the next 6 weeks which is expected to maintain the abundant supply, but with the added challenge of two holiday-shortened weeks. Early 2017 forward contracts represent good value given the expectation of heavy supplies and the uncertainty relating to current the export market situation that has been forced to contend with the headwind of a stronger US Dollar.

Canadian delivered soymeal prices opened lower this morning. Export sales reports are providing additional support to the soybean trade this morning. It is important to note that the USDA's export reports reflect estimations on nearby market fundamental as opposed to interest in the futures trade that would reflect a best guess on prices further out. So despite recent interest in commodities generally (managed money inflows, and reportedly, Chinese interest), the export reports are still important. Exports came in at the upper end of expectations showing 1.399 MMT compared to the 1.0-1.4 MMT range. This shows that demand for US beans is still quite strong and will likely remain so until the focus switches to South America. Despite rumors that the switch is taking place, a noticeable impact is likely weeks away.

US corn futures opened lower this morning. US corn futures are trading lower despite a recent surge in energy markets (a reversal from only a couple sessions ago) due to news indicating oil producing nations in OPEC will curb production for the first time since 2008. US corn, however, continues to move lower and the recent export report helped to pressure. Market expectations were for exports to come in between 900,000 and 1.2 MMT. However, with the USDA reporting only 762,000 MT, the export report has been considered extremely lacklustre. Outlooks showing corn ending stocks estimates for next year will eclipse 2.2 billion bu. is adding a bearish tone to the entire trade. South American weather is so far non-threatening.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		106.41 113.64	119.18 124.84	123.80 128.14	131.92 144.53	150.58 165.92	162.42 171.73	166.31 172.82	160.56 170.29	145.78 154.67	142.89 145.78
Soymeal Wpg Del.	456	457	461	461	485	485					

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

CALL CRYSTAL FOR MORE INFO 204-235-2225

LIGHT HOG PROGRAM!

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS