



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 02, 2016

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

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

US Slaughter	
426,000	Thursday
436,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$47.13
National	\$52.22
Iowa/S. MN.	\$47.13
Signature 5	\$119.37
HyLife	\$123.40
TCP/Britco	\$114.91
4-Mo. Sig5 Fwd	\$124.77
<b>BoC Rate (Noon) prev. day</b> \$1.3331 CAD / \$0.7501 USD	
Cash Prices Week Ending December 3, 2016	
Signature 3	109.03/49.46
Signature 4	122.70/55.66
Signature 5	115.86/52.55
h@ms Cash	114.36/51.87
HyLife	n/a
TCP/Britco	102.50/46.49
ISO Weans	\$37.07 US Avg.
Feeder Pigs	\$39.31 US Avg.
#1 Export Sows (+500lbs.)	\$26.00/cwt. (Tagged)

## Forward contract prices opened mostly lower this morning.

US cash markets have strengthened over the week in spite of the fact packers are easily finding the hogs to meet a full production schedule. It appears that hog numbers may be moderating slightly; hog weights are holding steady and this week's slaughter coming in under the industry maximum capacity, estimated at 2.534 million hogs. The USDA is set to release its October pork export data next week which should show improved sales volumes to Mexico. Recent weekly sales data suggests that the volume of pork exported is up over year ago levels. This is a positive factor that will help avoid large price concessions that would otherwise be required to clear the growing inventory of pork expected in the next month. While cash markets have been supportive, lean hog futures have come under pressure. The premium that the December and February contracts hold over the cash markets have shrunk in recent days, indicating traders are less optimistic of a strong rally over the next 2 months.

## Canadian delivered soymeal prices opened higher this morning.

South American planting is moving along showing 46% complete (Argentina) and the weather has switched from 'benign' to 'wait and see' due to some dry areas. Production estimates in Argentina range from 55 MMT to 57 MMT (USDA). The current nearby bean contract is only in the mid-range of its 2017 pricing profile and investment inflows into commodities, a Chinese buying spree and robust demand are all playing a role. However, there is talk that the USDA will likely not revise its export estimate higher in the December WASDE report because although export sales and new interest are impressive, the current sales are only at 75% of estimates which is at a slower pace compared to levels in in four of the last six years.

## US corn futures opened higher this morning.

While there is some evidence cumulative corn exports are historically good and current reports are showing 53% of the USDA's estimates have been sold (compared to 35% last year), last week's meagre volumes and thoughts that there is still a lot of corn in the marketplace are keeping the upside in check. As well, there is talk beginning to surface that there could be 24 MMT 'more' corn produced from South America this year, adding to the supply side of the equation and positioning S. American sellers at a potential price advantage relative to the US. The nearby contract remains near its lows, but there is talk of room to move lower on a potentially burdensome supply situation in the mid-term.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		105.06 112.24	117.75 123.37	122.22 126.53	130.29 141.96	148.76 163.93	160.46 169.66	165.50 171.97	160.33 169.98	145.88 154.91	143.01 145.88
Soymeal Wpg Del.	458	459	464	464	485	485					

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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