



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 05, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
2.254 mil.	Last Week
2.423 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	\$47.55
National	\$52.76
Iowa/S. MN.	\$47.60
Signature 5	\$120.22
HyLife	\$123.80
TCP/Britco	\$115.77
4-Mo. Sig5 Fwd	\$126.22

BoC Rate (Noon) prev. day
\$1.3298 CAD / \$0.7520 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	122.26/55.46
TCP/Britco	102.50/46.49

ISO Weans	\$37.82 US Avg.
Feeder Pigs	\$38.52 US Avg.
#1 Export Sows (+500lbs.)	\$26.00/cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets were stronger last week despite another new, record-large weekly slaughter, likely being set with the USDA estimating it at 2.54 million hogs. Hog buyers and pork traders are feeling confident that the industry can continue to operate at record large levels without a price collapse. Cash markets gained about \$3.00/cwt, but wholesale pork markets were down. Primal ham values have been running about 20% higher than year ago levels, which is remarkable given that production is up near 4%. However, holiday demand on wholesale hams only has another 10 days of support before the lead time required for processing, distribution and retailing is met. Lean hog futures are trading firm to start this week, supported by last week's cash market gains. If the market can find some good news in export sales over this week, February and April contracts might respond positively and return forward prices to the recent highs experienced early last week.

Canadian delivered soymeal prices opened higher this morning. Strength has once again returned to the soybean complex and US soybean futures are trading higher. The oil futures contracts appear to be leading the move higher today where reports are showing Malaysian palm oil stocks to be higher than the previous month, but at the lowest levels (for November) in six years. China crush demand remains high and there are thoughts that exports will be adjusted higher by 3.3% to compensate for the recent demand. However, even if demand was raised by an additional 2%, the US would still see bean ending stocks come in at 10-year highs; 480 million bu. compared to the 198 million bu. average over this time.

US corn futures opened higher this morning. Although there is 'room' for the US corn futures market to move higher, today's strength appears to be counterintuitive. Supplies remain a bearish force and while some publications have been highlighting the relative strength in demand for US corn in a historical context, recent reports have been lacklustre, and certainty not nearly enough to squeeze ending stocks to a point that would influence a move higher because of supply concerns. There have been thoughts, however, that US farmers are holding beans while prices remain low. As well, there is talk that the hedge funds are moving money again and there could be some residual noise emanating from the recent moves.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		106.59 113.77	119.27 124.90	123.51 127.82	131.57 143.99	149.82 165.01	161.54 170.76	166.06 172.51	161.27 170.91	146.73 155.44	143.86 146.73
Soymeal Wpg Del.	470	471	475	475	495	495					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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