



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 08, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
440,000	Wednesday
440,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$51.91
National	\$55.12
Iowa/S. MN.	\$52.01
Signature 5	\$127.87
HyLife	\$128.83
TCP/Britco	\$126.05
4-Mo. Sig5 Fwd	\$139.77
<b>BoC Rate (Noon) prev. day</b> \$1.3252 CAD / \$0.7546 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.)	\$22.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets added to their gains in yesterday's trade with negotiated prices adding another \$2.00 USD/cwt across all cash market regions. Packers are motivated to secure all of the uncommitted hogs that they can find by adding significant value to their bids. While the increased bids are cutting into their operating margins, packers are still benefitting from excellent profitability. It is likely that hog and pork production companies that own most of the hogs they process are driving the recent gains, as they would stand to benefit compared to their competitors that have little to no ownership of hog production assets. All of the top four export destinations for US pork (excluding Canada) posted year-over-year gains in the month of October with Japan, Mexico, South Korea and China gaining 5%, 10%, 15% and 30% respectively. The February lean hog futures contract is now trading at nearly triple the normal premium to the cash market for this time of year, representing a good hedging opportunity for producers in the Jan-Feb timeframe.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures continue to trend lower for a second session after failing to breach resistance levels earlier in the week lending credence to the notion that an interim top has been established. There is also talk that the South American weather premium has been almost priced in until a new development surfaces. Brazilian weather is non-threatening, but there are thoughts that if the weather does not improve in Argentina, crop stress could develop pushing yield estimates lower. The USDA's WASDE report will be released tomorrow and all eyes will be on the demand side of the balance sheet. Analysts' estimates peg ending stocks to come in 10 million bu. lower than November due to increased export activity, but 470 million bu. is still a healthy number for beans.

**US corn futures opened lower this morning.** US corn futures are heading lower ahead of the USDA's WASDE report that will be released mid-trade tomorrow (Friday, December 9). The extent to which the move reflects pre-report positioning remains to be seen, but there is a general consensus that corn stocks will be plentiful. Analysts are estimating ending stocks of corn to come in at 2.143 billion bu. (up from 2.403 billion in November) and for the world stocks of grain to be increased by 100 MMT hinting that no short term supply issues will develop with any urgency. The Renewable Identification Number market lost 6.6% yesterday following the announcement of the newly appointed EPA head who, apparently, is not that supportive of the biofuels mandate.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		120.96 128.10	133.57 139.16	137.02 141.30	145.04 156.91	158.38 173.48	170.03 179.19	172.46 178.90	166.79 176.38	150.58 159.73	147.74 150.58
Soymeal Wpg Del.	456	457	463	463	482	482					

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