



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 13, 2016

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

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Hog Prices: $\uparrow\downarrow$ Soymeal: \uparrow
Corn: \uparrow CDN Dollar: \uparrow

US Slaughter	
444,000	Monday
441,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$53.55
National	\$57.72
Iowa/S. MN.	\$53.62
Signature 5	\$131.80
HyLife	\$133.73
TCP/Britco	\$128.86
4-Mo. Sig5 Fwd	\$141.10
BoC Rate (Noon) prev. day \$1.3140 CAD / \$0.7610 USD	
Cash Prices Week Ending December 10, 2016	
Signature 3	122.24/55.45
Signature 4	127.99/58.06
Signature 5	125.11/56.75
h@ms Cash	123.61/56.07
HyLife	128.92/58.48
TCP/Britco	111.15/50.42
ISO Weans	\$42.59 US Avg.
Feeder Pigs	\$47.97 US Avg.
#1 Export Sows (+500lbs.)	\$19.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets moved up and all monitored reporting regions came in higher than the previous session. Positive packer margins remain a factor and there is talk that the cash market strength could see additional gains. Potentially adding to the cash market strength in the near term are thoughts that the frigid weather in the more northern states could limit producer marketing activity as animal movements slow to a crawl. The cold weather is not expected to be sustained in the mid-to-long terms, however. The lean hog futures market also saw some strength yesterday and the February contract moved higher for the sixth session in a row, closing at its highest value since late July. There is talk, however, that the futures market is also limited. Firstly, there are ongoing concerns that massive volumes of pork are on the way which could pressure prices if sustained export demand doesn't materialize. Secondly, there are some technical trading indicators suggesting that the market is now in overbought territory. The recent strength could provide producers not yet covered an opportunity to lock in some certainty amid a very uncertain timeframe.

Canadian delivered soymeal prices opened higher this morning. The soybean complex has a 'wait and see' tone to it as there are a couple big 'ifs' to resolve before a clear direction can be established. There is talk, for example, of a looming sell-off in the new year 'if' weather issues don't develop in South America. Managed money is holding onto a large long position and could liquidate positions if weather is non-threatening and production jumps by 5.7 MMT (3.7%) relative to last year under normal weather conditions. It is very much a weather market currently, and all eyes are on the 6-15 day forecasts which have so far been inconclusive. If rain does develop this weekend, further upsides are likely limited.

US corn futures opened higher this morning. US corn futures continue to come under pressure and there is no real fundamental justification for any support at this time. The only recent news that could be seen as supportive comes from France where production is expected to be down 12.3% from last year. However, French volumes are comparatively small (11.8 MMT) and most of the futures trade is focused on South America where combined volumes could increase by 27 MMT or 28.1% over last year if the weather is more cooperative. Added to this are record world stocks and over 2 billion bu. in US ending stocks, rationalizing the pressure.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		125.46 128.25	133.69 139.24	135.18 139.67	143.38 155.03	156.89 171.88	168.46 177.55	170.71 177.26	165.14 174.65	151.13 159.51	148.20 151.03
Soymeal Wpg Del.	452	454	459	459	480	480					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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