



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 14, 2016

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

www.hamsmarketing.ca

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↓ CDN Dollar: ↑

US Slaughter	
442,000	Tuesday
440,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$53.57
National	\$58.74
Iowa/S. MN.	\$53.60
Signature 5	\$132.81
HyLife	\$135.84
TCP/Britco	\$128.60
4-Mo. Sig5 Fwd	\$140.94

BoC Rate (Noon) prev. day
\$1.3120 CAD / \$0.7622 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. Western Corn Belt and Iowa/Southern Minnesota reporting regions saw modest losses (\$0.02 USD/cwt) while the National region gained \$1.02 USD/cwt compared to the previous session. There is talk that the cash markets might be nearing a short term high observing that some primal cuts have backed off from recent highs (specifically, hams) as well as ideas that pre-Christmas demand has been realized. However, there is an ongoing expectation that packers will still attempt to secure supplies due to the relatively high margins that are providing an incentive to keep processing animals. Lean hog futures contracts have backed off from the recent strength amid talk that the market is a bit overbought and in anticipation of large volumes coming in the first quarter. In fact, there are thoughts that the speculators are exiting the February contract long positions in anticipation of some price pressure. Despite this, forward contract values stemming from the recent rally have not yet completely reversed and there is still an opportunity to lock in some production amid the uncertainty associated with the beginning of 2017.

Canadian delivered soymeal prices opened lower this morning. Chinese officials have ordered six to eight crushing plants closed in an effort to mitigate air pollution, causing a short term Chinese spike in price levels. Regardless of this development, South American weather is driving the recent turn lower and there is increasing optimism that rain will indeed fall in the near and longer terms at precisely the same time the newly planted crops need some moisture. While still high, Canadian meal buyers have seen the price fall below \$450 CAD/MT (spot, Winnipeg/S. Man delivered) following from the recent softness in US meal markets and a strengthening Canadian dollar.

US corn futures opened lower this morning. US corn futures are historically trading amid the lows currently, but the market traded at highs not seen since last month yesterday. Despite this, even the March 2017 contract is trading at the lower end of the range and is currently nowhere near the highs seen when the contract was first made available. Plentiful supply is keeping any rallies in check and there is talk it will take a sustained price increase to entice farmers to start selling corn again. That may be developing in some locales, though, as there is talk some stronger basis levels are starting to emerge.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		122.65 127.80	133.22 138.77	135.07 139.55	143.26 154.98	157.44 172.41	168.99 178.07	171.30 177.79	165.85 175.36	151.99 160.69	149.17 151.99
Soymeal Wpg Del.	448	450	456	456	478	478					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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