



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

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 15, 2016

For details call: (204)235-2237 or visit  
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| US Slaughter |                         |
|--------------|-------------------------|
| 440,000      | Wednesday               |
| 443,000      | Wednesday<br>(year ago) |

| Daily Prices   |          |
|----------------|----------|
| W. Corn Belt   | \$53.60  |
| National       | \$59.45  |
| Iowa/S. MN.    | \$53.63  |
| Signature 5    | \$133.70 |
| HyLife         | \$137.27 |
| TCP/Britco     | \$128.72 |
| 4-Mo. Sig5 Fwd | \$143.47 |

**BoC Rate (Noon) prev. day**  
\$1.3123 CAD / \$0.7620 USD

| Cash Prices Week Ending<br>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 higher this morning.** Although US cash markets have levelled off somewhat, ongoing strength continues to be a feature of the cash market trade. ISM and WCB reporting regions are higher by \$0.03 USD/cwt over the previous session and the National region posted a \$0.71 USD/cwt. gain. Contributing to the leveling, is some pressure on the primal cuts, and the CME Lean Hog Index is down 61 cents USD from Tuesday. There is talk, however, that packers will still be shoring up uncommitted supplies, despite slow movements in the cold weather, incited by good operating margins. Lean hog futures are trading lower this morning, but the Canadian dollar has fallen following the announcement that the US Federal Reserve will raise interest rates by 25 basis points. The result has been an initial currency decrease by approximately \$1.50 USD and has subsequently 'added value' to forward pricing contracts. Observing there is still uncertainty around the volume of pork coming to market (and its impact on prices), producers might want to consider this recent development as an opportunity to secure some price certainty in 2017.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are coming under pressure now that talk of 'normalizing' rain patterns in South America (specifically, Argentina) have started to surface. Analysts are now suggesting that markets could be vulnerable to long liquidations especially if the weather market premiums start to evaporate and production concerns subside. Countering the recent weakness in beans and meal has been a drop in the Canadian dollar that followed the Fed's announcement yesterday meaning S. Man delivered spot meal has actually gone up by approximately \$14 CAD/MT since yesterday's opening price report.

**US corn futures opened lower this morning.** Analysts are calling for corn to 'follow meal' as the weather patterns in South America become reportedly more favourable. Exacerbating the pressure is the plain fact that there is simply a lot of corn in the marketplace. There is talk that the funds are net short on the trade and rumors that corn futures could shift even lower. A brief bit of support followed news that EIA weekly ethanol production numbers came in at a record 7.280 million barrels, but also talk that this may be motivated by a rush to shore up production while blend subsidies remain in place.

| Fixed Forward Range<br>(at opening) | Dec | Jan              | Feb              | Mar              | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              |
|-------------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf<br>Sig. #5               |     | 124.33<br>129.58 | 135.12<br>140.78 | 137.65<br>142.23 | 146.01<br>158.06 | 161.00<br>176.29 | 172.79<br>182.06 | 172.75<br>181.77 | 167.15<br>176.76 | 153.01<br>161.82 | 150.16<br>153.01 |
| Soymeal Wpg Del.                    | 462 | 463              | 469              | 469              | 490              | 490              |                  |                  |                  |                  |                  |

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HWY #6 AND RD 236

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