



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 16, 2016

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↑↓

Corn: ↓ CDN Dollar: ↓

US Slaughter	
441,000	Thursday
442,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$53.30
National	\$59.54
Iowa/S. MN.	\$53.86
Signature 5	\$136.24
HyLife	\$137.52
Britco	\$131.97
Thunder Creek	\$136.24
4-Mo. Sig5 Fwd	\$147.26
BoC Rate (Noon) prev. day \$1.3397 CAD / \$0.7464 USD	

Cash Prices Week Ending December 17, 2016	
Signature 3	129.01/58.52
Signature 4	136.97/62.13
Signature 5	132.99/60.32
h@ms Cash	131.49/59.64
HyLife	n/a
Britco	124.25/56.36
Thunder Creek	125.11/56.75
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. US cash markets posted mixed numbers relative to the previous day to finish the week. The ISM and National region were both modestly higher while the WCB reporting region showed a minor 30 cent loss. There is talk that the cash market may have reached an interim high for now. Temperatures in the more northerly states are expected to turn to above normal near the weekend, a sharp contrast from the regent frigid temperatures and widely seen as a negative development for the cash markets as animal movements return to a more normal pace. Despite some bearish expectations coming from the export market, lean hog futures contracts pushed higher yesterday to levels last seen in July. There is talk that elevated hams prices (thought to be influenced by residual Christmas demand), short-covering and other trading related influences (buy stops, for example) are behind the recent climb higher despite no fundamental changes to the outlook. In fact, a weaker export market and large productions are likely on the way according to the most recent information available. Next week, the USDA will release the Quarterly Hogs and Pigs report on Friday December 23, providing the market with fresh supply estimates.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures have once again turned lower to finish the week of trading. The primary factor for this development is the changing outlook on South American weather. Initial fears regarding crop stress and production are subsiding as rain now is expected relatively soon. The sell-off hasn't developed quite yet but if the rain does materialize and a more normal pattern emerges, there is talk that the large funds may liquidate the current large long positions held in beans. Canadian meal buyers are not benefitting directly from the move, however, due to the recent drop in the Canadian dollar.

US corn futures opened lower this morning. Like beans, US corn futures markets are reacting to the changing weather situation in South America which, if realized, will be good for crop development, but negative for prices. Buenos Aries Grains Exchange has pegged planting progress in Argentina at 57.4% compared to 48% last week and a major analytics firm has suggested acreage could be 2 million acres higher than last year. Adding to the bearish supply situation, is news coming out of South Korea suggesting a cull of up to 10% of its bird flock due to a recent outbreak of bird flu could take place, potentially impacting feed demand in the near term.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		129.53 134.78	140.33 146.00	140.81 145.39	149.18 160.92	163.25 178.53	175.04 184.30	175.58 184.01	169.59 179.25	155.33 164.15	152.46 155.33
Soymeal Wpg Del.	462	462	468	468	490	490					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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