



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 20, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Monday
437,000	Monday (year ago)

Daily Prices	
W. Corn Belt	\$53.17
National	\$59.92
Iowa/S. MN.	\$53.22
Signature 5	\$136.53
HyLife	\$140.66
Britco	\$130.40
Thunder Creek	\$136.53

4-Mo. Sig5 Fwd	\$152.99
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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	137.01/62.15
Britco	124.25/56.36
Thunder Creek	125.11/56.75

ISO Weans	\$47.26 US Avg.
Feeder Pigs	\$47.38 US Avg.
#1 Export Sows (+500lbs.)	\$19.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets are holding their recent gains with packers looking to fill this week's production schedule with steady bids. US packers continue to benefit from excellent operating margins and are on pace for the best profitability in the 4th Quarter of the year in more than 10 years. Next week, there will be reductions in the production schedule due to Christmas holiday and will result in an easing of pork production from the record levels experienced over the last several weeks. Lean hog futures continue to appreciate in value, with the February contract gaining \$12 USD/cwt or approximately +20% of its value since the start of December. If current values hold to the end of the month, it will mark the largest gain for the month of December on record for the February contract in more than 15 years. Producers should look to cover a portion of their early 2017 price risk at current prices as the heavy supplies still represent a risk to the cash market over the next 3 months.

Canadian delivered soymeal prices opened lower this morning. South American weather continues to pressure the US soybean futures market for the second session in a row. Actually, and more accurately, the weather premium that had been previously built into the market is starting to unravel. Weather for 80% of the growing region in Argentina now looks 'good', and if the rain materializes in amounts beneficial for crop development, the trade could move even lower. Other bearish news includes a relatively strong US dollar (rendering US exports less price competitive in a global context), some plant closures in China (to combat air pollution) and an announcement by Vietnam that they are halting DDG imports for 60 days, which does not impact soybeans directly, but does add to the tone in the market.

US corn futures opened lower this morning. Analysts are saying that rain has arrived in Argentina 'just in time' without a hint of exaggeration. The rain was (and is) needed and now there is speculation on how much of a weather premium was actually priced into the market. There is a large corn supply currently so the degree to which the price drops very much remains to be seen and would ultimately hint at the value of that premium. If the weather remains cooperative in Brazil and Argentina, the two countries are poised to produce and 'additional' 27 MMT over the previous year and would be considered a bearish development.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		138.05 140.89	146.45 149.51	146.86 149.15	151.13 163.20	161.92 177.24	173.74 183.03	175.37 182.74	170.41 178.91	156.78 165.45	153.89 156.78
Soymeal Wpg Del.	460	451	457	457	483	483					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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