



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 22, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
444,000	Wednesday
428,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	\$52.86
National	\$60.30
Iowa/S. MN.	\$52.87
Signature 5	\$136.65
HyLife	\$141.99
Britco	\$129.58
Thunder Creek	\$136.65

4-Mo. Sig5 Fwd	\$152.19
----------------	----------

BoC Rate (Noon) prev. day	\$1.3401 CAD / \$0.7462 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 higher this morning. US cash markets are expected to finish the week with steady cash bids and solid gains in the pork cut-out. With this week on pace to match last week's record large 2.544 million hogs, cash market fundamentals are solid. With more than a \$27/cwt spread between hog prices and wholesale pork, packers continue their streak of 4 months with average margins better than \$50/hog. Lean hog futures have been quick to factor in the support seen in the cash market recently, with the February contract up more than \$10/cwt or 22% over the last three weeks. Tomorrow's release of the USDA Hogs and Pigs report could moderate these gains when markets reopen after the Christmas holiday. Average pre-report estimates as compiled by Urner Barry for market hog inventory as at Dec 1, 2016 are only +2% over year ago levels, despite hog slaughter averaging 4.5% higher over the last several months. While indications suggest that export markets have been firm recently, the market is still heavily reliant on trade and relative exchange rates in order to clear all production. Producers should consider contracting as much as 50% of their planned hog marketings to secure profitable prices in (still) uncertain times.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower. There is a general idea that the funds are liquidating long positions as the weather in South America looks increasingly less threatening and, indeed, actually good in some regions. While this will ultimately add to the production of beans, meal and oil stocks available for export from the region, the other factor to consider will be the waning seasonal interest from Chinese buyers as South American production estimates become more certain. Technically, the bean trade broke through some support levels and there is talk of further downside potential (but not certain downside) following the release of the upcoming January WASDE report, where yield estimates are currently expected to be raised.

US corn futures opened lower this morning. The bearish US corn market continues to come under pressure that is now exacerbated by the improving weather situation in the southern hemisphere. Ethanol production was up from last year, but down slightly from the previous week, adding some speculation in the corn market. In fact, an interesting position was taken by a 'noted' trader yesterday, and those who closely watch the activity are suggesting the action might hint at the uncertainty around the future of the current blend subsidy that might not be supported by a new US administration in January. All producers are reminded that all markets close one hour early tomorrow (Friday, December 23).

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		137.04 139.90	145.48 148.56	146.04 148.35	150.34 162.35	161.59 176.98	173.47 182.80	174.85 185.51	168.59 177.15	154.59 164.49	151.70 154.59
Soymeal Wpg Del.	460	455	461	461	484	484					

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00 - 4:30 - RM closed 1hr early	Friday, December 23	8:00AM – 12 noon
Closed	Monday, Dec. 26 and Tuesday, Dec. 27	Closed
Closed	Monday, January 2	Closed

SPECIAL NOTE: Forward Contracting will be closed 1 hour early on Friday December 23 (11:30 AM)