



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 23, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
405,000	Thursday
210,000	Thursday (year ago)

Daily Prices	
W. Corn Belt	\$52.20
National	\$60.13
Iowa/S. MN.	\$52.68
Signature 5	\$136.30
HyLife	\$141.82
Britco	\$129.776
Thunder Creek	\$136.30
4-Mo. Sig5 Fwd	\$152.85

**BoC Rate (Noon) prev. day**  
\$1.3468 CAD / \$0.7425 USD

Cash Prices Week Ending December 24, 2016	
Signature 3	129.70/58.83
Signature 4	142.87/64.81
Signature 5	136.28/61.82
h@ms Cash	134.78/61.14
HyLife	141.72/64.28
Britco	129.72/58.84
Thunder Creek	132.99/60.32

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

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		137.35 140.23	145.85 148.95	146.63 148.95	150.95 163.02	162.89 178.38	174.84 184.23	175.78 183.94	169.09 177.68	155.77 165.22	152.86 155.77
Soymeal Wpg Del.	458	454	460	460	485	485					

**Forward contract prices opened higher this morning.** US cash markets were slightly lower in yesterday's trade with the longer term trend called steady. Packers have all the hogs that they need to meet their current production schedule for the next two weeks, given the abundant hog supply and reductions in work shifts due to the holidays. The pork carcass cut-out hit the benchmark price of \$80/cwt earlier this week, representing more than 15% premium over last year's price level. This is remarkable given that US pork production has averaged more than 4% more pork over the last 3 months than it did last year. However, the performance of wholesale pork prices may see a significant downturn next week and early in 2017 as early indications suggest pork exports have slowed over the last 3 weeks. If this afternoon's Quarterly Hogs and Pigs report reflects a continuation of the abundant inventory we have experienced since September, pork prices and Lean Hog futures could turn sharply lower if the market perceives trouble in clearing weekly pork inventory. Forward contract prices represent good value given the market risks over the Jan – Mar timeframe suggesting producers should secure profitable prices on up to half of their intended production. The staff at h@ms Marketing Services would like to wish all producers and industry partners a Merry Christmas and best wishes over the holiday season.

**Canadian delivered soybean prices opened mixed this morning.** Long liquidation selling continues to pressure the soybean market heading into the Christmas break. The psychological \$10.00 USD/bu. support level was breached in the nearby contract and while technical support levels remain in place (\$9.87 and \$9.82 after that), there is very much a 'wait and see' tone in the bean market. January beans are at \$9.97 as of this writing. The prime factor influencing the selling has been improving weather conditions in South America where timely rain materialized near Wednesday; more rain is in the forecast for the weekend. Argentine planting is at 75.8% complete and no word of it slowing because of the rain just yet.

**US corn futures opened lower this morning.** More bearish news for the US corn market has surfaced as the Ukraine has raised their export estimates to 18.5 MMT. While the Argentine planting pace is a bit behind at 63% complete (compared to 69% last year), newly developed rain patterns will likely aid in crop development for the crop in the ground. There have been no recent public updates to planting progress in Brazil, but the market did notice a production estimate increase by almost 20 MMT over last year according to some estimates earlier this week. In the midst of all the bearish news, technical indicators are showing that the market is approaching oversold levels.

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)**