



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 28, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Tuesday
429,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$51.96
National	\$60.32
Iowa/S. MN.	\$51.94
Signature 5	\$136.92
HyLife	\$142.99
Britco	\$128.57
Thunder Creek	\$136.92
4-Mo. Sig5 Fwd	\$154.33
BoC Rate (Noon) prev. day \$1.3535 CAD / \$0.7388 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	\$49.93 US Avg.
Feeder Pigs	\$55.05 US Avg.
#1 Export Sows (+500lbs.) \$19.00/cwt. (Tagged)	

Forward contract prices opened mixed this morning. US negotiated cash markets were generally lower in yesterday's trade as packers found all the supplies they needed to meet their holiday-reduced production schedule. Packers continue to benefit from a massive spread between prices paid for live hogs and the price of wholesale pork (highest since July), resulting in estimated operating margins of more than \$60 USD/hog. Reaction to the USDA's Quarterly Hogs and Pigs report released last Friday was initially negative in yesterday's early trade. The market hog inventory estimated by the USDA came in 4% higher than year ago levels while pre-report expectations were around 2-3%. However, the nearby contracts have been gaining strength ever since the initial reaction, with concerns that supply and export demand are being ignored in favor of support for the recent bullish trend in wholesale pork prices. Producers without protection in the February-March timeframe should consider pricing up to half of their intended production at the currently profitable prices given the still uncertain market fundamentals.

Canadian delivered soymeal prices opened higher this morning. The recent buying that developed in yesterday's trade carried into the overnight session, but the trade has turned lower as of this writing. For now, attention has turned to the Brazilian growing regions where a bout of dry weather is causing some concerns. If rain develops in the areas of concern, early yield reports could come in quite high. In the meantime, the market has rallied on this recent weather development. Concerns in Argentina, for the most part, have subsided for now and the Argentine weather premium has been discounted. In either case, these recent events underscore the prominence of weather uncertainty in current pricing and will be watched extremely closely until (and likely during) harvest.

US corn futures opened lower this morning. While US corn futures are trading lower this morning, there is talk that the market could be supported in the short-to-mid terms as a dryness pattern appears to be developing in some Brazilian growing regions. The support seen yesterday did not push the market to new highs by any stretch, and depending on the timeframe, the market could be considered to be trading in the middle or near the lower end of the established range. Regardless, the recent activity highlights the importance of the weather premium in the current market which is likely to remain in place until the uncertainty dissipates.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			146.64 149.74	143.09 145.42	147.42 159.52	158.96 174.47	170.93 180.33	173.35 180.04	167.50 176.11	155.24 164.28	152.31 155.24
Soymeal Wpg Del.	469	466	472	472	496	496					

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

~~~~~ Have a Safe and Happy New Year! ~~~~~