



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 29, 2016

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

www.hamsmarketing.ca

Hog Prices: ↑↓ Soymeal: ↑

Corn: ↑ CDN Dollar: ↓

US Slaughter	
441,000	Wednesday
436,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	\$51.80
National	\$60.33
Iowa/S. MN.	\$51.75
Signature 5	\$136.94
HyLife	\$143.72
Britco	\$128.30
Thunder Creek	\$136.94

4-Mo. Sig5 Fwd	\$152.92
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BoC Rate (Noon) prev. day	\$1.3556 CAD / \$0.7377 USD
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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 cash markets were mixed in yesterday's trade with packers easily finding the hogs they need to meet their reduced production schedule. However, farmers are current with their marketings in spite of the holiday-shortened delivery schedule, as indicated by hog carcass weights that are down close to 3 pounds from year ago levels. The pork carcass cut-out, a measure of the aggregate value of the pork primal cuts, is up approximately \$2.00 USD/cwt from last Wednesday, hitting the highest point since July. This results in some of the best margins packers have ever experienced and the trend continues a string of four consecutive months where packer profitability exceeded \$50 USD/hog. Spring and summer contracts are coming under pressure, in part due to the larger-than-expected hog supplies stated in the Quarterly Hogs and Pigs report released last week. Risk management focus should be on the Feb – Mar timeframe as current forward prices are offered at a premium to the cash market and market fundamentals are still quite uncertain.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures have picked up on the momentum from Tuesday and are trading higher once again this morning. There are thoughts that even though the forecast dry weather in Brazil is far from certain, the relatively strong demand pace means that even a minor disruption could be seen as a supportive influence. This very much seems to be the case here despite reports from the filed suggesting early crop development and yield from the Mato Grosso region is quite good. Demand pace will be gauged on Friday, December 30 (tomorrow - stemming from holiday disruptions) when the export sales will be released, instead of the normal Monday report.

US corn futures opened higher this morning.

Like the bean trade, US corn futures are exhibiting a bullish tone following from weather concerns in Brazil. There is still a lot of corn supply, however, and there is talk that it will take a significant weather event to draw down stocks enough (global and US) that it becomes concerning. Keeping the upside in check, are reports of a bird flu strain from Japan and South Korea that has meant almost a million birds in Japan and 12% of birds in South Korea have had to be culled so far. If the strain breaks out of the region into China or parts further west, there could be significant impacts on bird and feed markets. For now, the regional short and mid term impacts on feed demand are being closely watched.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			146.86 149.96	141.44 143.76	145.76 157.82	156.58 172.05	168.51 177.89	171.53 178.11	165.61 174.21	154.78 163.81	151.86 154.78
Soymeal Wpg Del.	476	473	473	473	495	495					

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! ~~~~~