



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 30, 2016

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

www.hamsmarketing.ca

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

US Slaughter	
444,000	Thursday
378,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$51.75
National	\$60.30
Iowa/S. MN.	\$51.82
Signature 5	\$136.15
HyLife	\$143.83
Britco	\$127.83
Thunder Creek	\$136.15

4-Mo. Sig5 Fwd	\$153.57
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BoC Rate (Noon) prev. day	\$1.3488 CAD / \$0.7414 USD
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Cash Prices Week Ending December 31, 2016	
Signature 3	128.46/58.27
Signature 4	144.68/65.63
Signature 5	136.57/61.95
h@ms Cash	135.07/61.27
HyLife	143.58/65.13
Britco	129.30/58.65
Thunder Creek	136.28/61.82

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 are finishing the week slightly lower, pressured by some weakness in wholesale pork prices that has caused the pork carcass cut-out to fall about \$1.00 USD/cwt in yesterday's trade. The unprecedented supply of pork has been absorbed by the market for more than 2 months with no price concessions, but traders have been growing uneasy about whether or not this can be sustained into the new year. The USDA's quarterly hog survey confirmed that hog numbers will stay large with their results suggesting supplies will exceed year ago levels by about 4% over the next 2-3 months. Maintaining a stable or firmer cash market over the next two months is contingent on growing demand, particularly in export markets. While US pork is competitive in the world marketplace, wholesale prices may need to come down in order to entice new buyers. The latest weekly pork export data showed a decline to the lowest level of the year which is concerning, but this data source is still relatively new and inconsistent. With forward contract prices at or near \$150 CAD/kg for the month of February, most producers can secure positive cash flow over this timeframe despite the uncertain market fundamentals.

Canadian delivered soybean prices opened lower this morning. Us soybeans are trading lower as ahead of the second, long weekend in a row. Supportive factors include a good export pace and thoughts that China remains an active buyer. Exports are expected to come in between 1.0 and 1.5 MMT for the week, but the attention could soon shift to South America, especially when quality and production estimates become more sound. In the meantime, Argentina is estimated at 84.1% planted and some rain is on the way, but only minimal precipitation is expected on about 15% of the crop. There are some dryness issues in Brazil and the Buenos Aires Grains Exchange added a footnote to a report suggesting the 19.6 million hectare estimate in Argentina could be cut due to lack of rain, highlighting the fact that current estimates are far from certain.

US corn futures opened higher this morning. Unlike beans, US corn futures are trading a bit higher, largely on weather concerns and the fact that there will be little-to-no new information over the next three days due to a new year influenced long weekend. While S. American planting pace, current conditions, and expected yields are all good presently, a weather event could change that abruptly. For now, Argentina is showing 71.3% of a 4.9 million hectare estimate planted and no threatening weather immediately, although there is some talk that a high pressure ridge in northeast Brazil could be a problem.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			144.76 147.84	142.78 145.08	147.06 158.93	158.42 173.78	170.27 179.58	171.82 179.29	165.50 174.04	154.86 163.47	151.96 154.86
Soymeal Wpg Del.	470	462	462	462	487	487					

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)
Closed	Monday, January 2	Closed

Have a Safe and Happy New Year!