



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, January 03, 2017

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

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Hog Prices: ↑↓ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

US Slaughter	
2.081 mil.	Last Week
2.038 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$52.29
National	\$59.91
Iowa/S. MN.	\$52.44
Signature 5	\$135.74
HyLife	\$142.22
Britco	\$128.78
Thunder Creek	\$135.74
4-Mo. Sig5 Fwd	\$156.27
BoC Rate (Noon) prev. day \$1.3427 CAD / \$0.7448 USD	
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	\$52.06 US Avg.
Feeder Pigs	\$62.21 US Avg.
#1 Export Sows (+500lbs.)	\$19.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets could come under some pressure, a function of the abundant supplies combined with weaker wholesale pork prices. Packers may shift to a new buying strategy for the early months of 2017 given the sustained growth in the hog supply over the last 4 months. Above all else, packers are motivated to maintain their excellent profitability which could come under pressure if pork inventory starts to grow. Pork exports, as reported by the Foreign Agricultural Service arm of the USDA, were down to the lowest level of 2016 for each of the last 3 weeks of the year. The weekly pork sales data lacks reliability, but if this weak trend continues, wholesale pork prices would likely come under significant pressure. With Spring and Summer forward contract prices trading at or near the highest level in about six months, producers without price protection should consider pricing one third of their intended production at current prices to secure a positive cash flow amid uncertain market fundamentals.

Canadian delivered soymeal prices opened lower this morning.

Lower than expected export sales and a rising US dollar are helping to pressure this morning. Export sales came in at 974,000 MT compared to the 1.0-1.5 MMT expectation and the US dollar has recently seen it perform better against a basket of commodities following the results of the US presidential election. Also pressuring are thoughts that the weather, while not necessarily cooperative per se, is wetter in Argentina for now and there are less short term concerns regarding dryness for some critical growing areas. Cumulative soybean sales for the US are trending above average, but there are thoughts that global buyers will be soon turning their attention to S. American suppliers.

US corn futures opened higher this morning.

US corn futures are starting the holiday-shortened trading week on a higher note and are trading near the middle of the recently established range. Some corn growing regions in Argentina are now having the exact opposite problem to dryness and are reporting that too much rain could now be a problem. There are some concerns of regional flooding and the 30% of the crop that has not yet been planted resides in many of the areas of concern. The weather supported trade, however, is likely a short term event as there is still a lot of corn in the US (and global marketplaces) and no changes to production estimates in S. America have emerged just yet.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		146.25 149.33	146.25 148.55	150.54 162.42	160.70 176.05	172.55 181.85	173.15 181.56	166.55 175.08	154.13 163.06	151.23 154.13
Soymeal Wpg Del.	458	458	458	482	482	486				

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