



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 05, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
441,000	Wednesday
435,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	\$54.59
National	\$60.26
Iowa/S. MN.	\$54.62
Signature 5	\$137.60
HyLife	\$142.51
Britco	\$132.79
Thunder Creek	\$137.60

4-Mo. Sig5 Fwd	\$153.88
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BoC Rate (Noon) prev. day	\$1.3293 CAD / \$0.7523 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	\$52.06 US Avg.
Feeder Pigs	\$62.21 US Avg.
#1 Export Sows (+500lbs.)	\$22.00/cwt. (Tagged)

Forward contract prices opened mostly higher this morning. US cash markets gained more than \$1.00 USD/cwt in all reporting regions yesterday, despite packers easily finding all of the live hog supplies they need to meet their holiday reduced slaughter schedule. However, there is growing concern on the wholesale pork side of the business, as ham values (making up approximately 25% of the hog carcass by weight) have dropped more than 20% of their value in the last week. This has taken the cut-out value down to the lowest level in nearly 3 weeks, but recent support in loins, ribs and bellies have moderated this decline. Traders are focused on export market related indicators as the ability to maintain wholesale pork prices at near-current levels is contingent on increasing export sales past a 4% increase in pork production. Producers have a good hedging opportunity at current forward prices after fund buying lifted the nearby lean hog contracts more than \$1.00 USD/cwt in yesterday's trade. However, the expectation of heavy supplies combined with lingering concerns over Mexican demand leaves the market with uncertain fundamentals.

Canadian delivered soymeal prices opened higher this morning. Although the market has turned lower to start the session this morning, all chatter appears to be focusing on news that could be supportive in the short to mid terms. Excessive rain in Argentina could, for example, prevent the planting (and/or replanting) of approximately 2.47 million acres if the rain does not let up soon. On the opposite end of the spectrum, there are still dryness concerns in the northern part of Brazil which could hinder crop development further out. A relatively lower US dollar is expected to boost export interest and is also seen a supportive to the trade, but the sustainability of the move remains to be seen.

US corn futures opened lower this morning. Like beans, US corn futures are trading lower as of this writing, but amid news that is anything but bearish, notwithstanding the large stocks of corn currently on hand. But unlike beans, the expected wave of support is coming (largely) from thoughts that the index funds will make a big move on or near January 9 when they will rebalance and exit some large short positions. The weather in South America is also supportive and news from Argentina has flipped from being recently concerned about too much dryness to being now concerned about excessive rainfall - it is still considered too dry in parts of Brazil. Production estimates from the region, however, have not officially been lowered yet.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		143.05 146.08	144.17 146.44	148.40 160.16	158.66 173.78	170.33 179.50	172.21 179.21	165.01 173.46	154.01 162.88	151.14 154.01
Soymeal Wpg Del.	459	459	459	482	482	486				

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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