



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 06, 2017

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

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

Forward contract prices opened lower this morning. US cash markets are finishing the week with gains of more than \$3.00 USD/cwt on regional negotiated prices in despite packers having no difficulty in meeting their production schedule. This is difficult to explain given the weakness that is typical of the weeks following the holidays and the reduced slaughter schedule of two consecutive weeks. There has been growing concern over the ability of the market to clear all weekly pork production that is expected to be 3% larger than year ago levels. Recent pork export data had the last three weeks of 2016 come in at the lowest levels for the year, a concerning trend when the market needs to see growth in their export sales in order to maintain stable prices. Nearby lean hog futures have experienced added volatility over the last few days, but are currently holding a better than average premium to the cash market. Producers should consider securing prices on some of their February and March production as the downside risk to the market remains high while production is running at record large levels.

Canadian delivered soymeal prices opened lower this morning. US soybean futures have backed off from the highs seen in early December. Weather related production fears are diminishing somewhat and the general consensus appears to suggest that it will take a large weather-related disruption to have an impact on productive capacity in South America. That is not to say there are no weather events currently taking place or that they should be entirely dismissed; it just means the perspective has shifted and production estimates remain unchanged for now. Early Brail harvest yields are showing a 10% increase over last year and, for the time being, Brazil's production is pegged between 102.4 and 103.5 MMT; estimates for Argentina range between 54.0 to 57.5 MMT.

US corn futures opened lower this morning. The US corn futures market is expected to see a not-so-insignificant rebalancing on Monday January 9 when it is expected the index funds will exit some large short positions. The move could see some large buying activity (estimated between 60,000 and 100,000 contracts) and would bring some support to the trade. Pre-WASDE report estimates are suggesting that US ending stocks could be as high as 2.5 billion bu. for January (range 2.206 -2.500 billion bu.). Brazil production is estimated at 87.1 MMT; Argentina production is estimated at 36.1 MMT. The January WASDE report will be released on Thursday, January 12.

US Slaughter	
434,000	Thursday
438,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$55.73
National	\$60.09
Iowa/S. MN.	\$55.80
Signature 5	\$137.98
HyLife	\$140.58
Britco	\$134.87
Thunder Creek	\$137.98
4-Mo. Sig5 Fwd	\$152.18
BoC Rate (Noon) prev. day \$1.3216 CAD / \$0.7567 USD	
Cash Prices Week Ending January 07, 2016	
Signature 3	131.95/59.85
Signature 4	142.02/64.42
Signature 5	136.98/62.13
h@ms Cash	135.48/61.45
HyLife	n/a
Britco	128.51/58.29
Thunder Creek	136.57/61.95
ISO Weans	\$52.06 US Avg.
Feeder Pigs	\$62.21 US Avg.
#1 Export Sows (+500lbs.) \$22.00/cwt. (Tagged)	

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		139.80 142.82	142.96 145.23	147.18 158.87	157.42 172.51	169.06 178.22	171.50 177.93	164.52 172.93	152.80 161.62	149.95 152.80
Soymeal Wpg Del.	450	450	450	474	474	478				

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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