



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 11, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
431,000	Tuesday
438,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$59.37
National	\$61.89
Iowa/S. MN.	\$59.44
Signature 5	\$144.42
HyLife	\$144.02
Britco	\$143.58
Thunder Creek	\$144.42
4-Mo. Sig5 Fwd	\$158.30

**BoC Rate (Noon) prev. day**  
\$1.3208 CAD / \$0.7571 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	141.11/64.01
Britco	128.51/58.29
Thunder Creek	136.57/61.95
ISO Weans	\$55.77 US Avg.
Feeder Pigs	\$65.33 US Avg.
#1 Export Sows (+500lbs.)	\$27.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets continue to show strength, coming in at \$1.35, \$1.40 and \$0.55 USD/cwt higher than previous session for ISM, WCB and National reporting regions respectively. The pork cut out came in at its lowest levels since mid December, but packers are still operating at healthy margins, in part, providing rationale for the continued strength. The nearby lean hog futures are continuing to show strength, largely on thoughts that demand for pork is still good despite the large slaughter numbers being recorded. A record amount of exports in November were noted and provided some (additional) rationale for the buying we have seen over the past week. There is some softness in the futures contracts further out and with an estimated 4% more supply coming to market, there is no question the trade will have to reconcile supply with demand at some point. For now, however, there is a trend toward a more seasonal profile and, potentially, an opportunity to lock in some price protection ahead of an uncertain timeframe heading into the summer.

**Canadian delivered soymeal prices opened lower this morning.** Depending on which report one reads, South American weather is either 'mostly favourable' or it could negatively impact production (up to 3% in Argentina). It's probably both; favourable (for now) and likely to impact Argentine production due to some flooding. In any case, the market is currently trading lower, and is a bit jittery over news that Chinese import taxes on DDGs are going to increase to between 42.2% and 53.7% from the current 33.8%. While this doesn't directly impact soymeal per se, there are thoughts it could trigger the beginning of a trade war. Critics note, however, that Chinese end users cannot completely avoid US soybeans or meal, trade war or not.

**US corn futures opened lower this morning.** The big news in the corn trade is of the recent announcement that DDGs into China will be subject to import taxes and tariffs approaching 53.7%, up from about 34% currently. The move is likely an attempt to rebalance massive corn stocks in China as some have noted. However, there are thoughts that this massive unilateral hike could trigger a trade war with the US that has been somewhat adversarial to China recently in terms of diplomacy. In other news, large ending stocks estimates are expected in tomorrow's WASDE report which could be as high as 2.5 billion bu.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		146.41 146.65	146.55 148.83	150.79 162.67	163.13 178.32	174.85 184.06	174.41 183.78	167.08 175.48	152.93 161.52	149.94 152.79	135.68 147.40	133.23 141.43
Soymeal Wpg Del.	451	451	451	476	476	479						

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.

**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

**ACCEPTING:**  
SOWS  
BOARS  
LIGHTS  
MARKET HOGS

**CALL CRYSTAL FOR MORE INFO 204-235-2225**