



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, January 17, 2017

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

www.hamsmarketing.ca

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

US Slaughter	
2.402 mil.	Last Week
2.297 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	\$62.65
National	\$65.43
Iowa/S. MN.	\$62.87
Signature 5	\$152.02
HyLife	\$151.26
Britco	\$151.35
Thunder Creek	\$152.02

4-Mo. Sig5 Fwd	\$158.58
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BoC Rate (Noon) prev. day
\$1.3163 CAD / \$0.7597 USD

Cash Prices Week Ending January 14, 2016	
Signature 3	144.04/65.34
Signature 4	145.33/65.92
Signature 5	144.68/65.63
h@ms Cash	143.18/64.95
HyLife	146.15/66.29
Britco	133.76/60.67
Thunder Creek	136.98/62.13

ISO Weans	\$51.28 US Avg.
Feeder Pigs	\$69.51 US Avg.
#1 Export Sows (+500lbs.)	\$30.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets experienced slightly weaker bids from packers on Friday following a string of seven days of gains that added \$6.00 USD/cwt (or more than 10%) to the value of market hogs. The rally is not coming from a shortage in supply, with hog numbers maintaining the trend of 4% over year ago levels. On the pork side of the equation, individual pork primal cuts have seen some erratic price movements with Friday's trade seeing hams gain \$10.00 USD/cwt while the butt (shoulder) was down by an equivalent amount. Packers have been giving up some of their profitable operating margins in order to maintain their share of the live hog supply, but this strategy is contingent on clearing the week's production and not building the pork inventory. Growing export sales volumes in the first six months of 2017 is a requirement if the industry is going to avoid deep discounts in the domestic market and maintain a firm cash hog market. Nearby lean hog futures are trading slightly lower to start the week, but they still hold an average premium to the current cash market. However, the Canadian Dollar gained nearly 50 basis points against the US Dollar, which has negatively impacted forward contract prices.

Canadian delivered soymeal prices opened higher this morning. US soybeans continue to climb higher, following the strength seen after last week's WASDE report showed a 60 million bu. reduction in ending stocks compared to a month earlier. The trade is now pushing higher and there is talk that futures prices could test the highs seen in November 2016. Adding to the strength is some news from Argentina that areas in northern Buenos Aires, Santa Fe, Entre Rios, and southeastern Cordoba regions could see some flooding. Between 2.5 – 4.5 inches of rain fell recently renewing fears that production could be curbed.

US corn futures opened higher this morning. Like beans, US corn futures are trading higher after the US long weekend. Unlike beans, however, the support appears to be more technical in nature, especially following rumors of a large short-covering spree that is thought to take place soon. Open interest remains high and prompting talk that the short covering activity from the large managed money traders has not yet taken place. However, there are indicators showing the trade is approaching an overbought condition combined with talk that very large production from South America (and Brazil in particular) could be on the way. A reputable private firm has raised corn production up 8.39 MMT to 94.89 MMT.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		145.04 145.04	145.30 147.54	149.47 161.11	161.44 176.38	172.97 182.03	173.49 181.74	166.02 174.32	151.73 160.22	149.79 152.63	135.40 147.05	132.96 141.12
Soymeal Wpg Delivered.	497	497	497	518	518	517						

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