



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 04, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Thursday
437,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$43.33
National	\$54.06
Iowa/S. MN.	\$43.38
Signature 5	\$117.38
HyLife	\$127.40
TCP/Britco	\$106.20
4-Mo. Sig5 Fwd	\$113.64
BoC Rate (Noon) prev. day \$1.3386 CAD / \$0.7470 USD	
Cash Prices Week Ending November 5, 2016	
Signature 3	108.77/49.34
Signature 4	128.19/58.15
Signature 5	118.48/53.74
h@ms Cash	116.98/53.06
HyLife	n/a
TCP/Britco	110.90/50.30
ISO Weans	\$20.90 US Avg.
Feeder Pigs	\$23.44 US Avg.
#1 Export Sows (+500lbs.)	\$20.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets are showing signs of weakness with this week's trade including lower cash bids for live hogs across all reporting regions while the pork carcass cut-out dropped about \$2.00/cwt or 3% of its value on Wednesday. Pork production is up about 8% over year ago levels with record large hog supplies showing no signs of abating. This week's slaughter is expected to total near 2.52 million hogs, a new record, but possibly only one of the several record large kills that are expected. Nearby lean hog futures are reflecting the weaker cash market fundamentals with the December contract down nearly \$1.00/cwt to start this morning's trade. Contributing to the bearish tone are weekly pork export data that suggests a slow-down in sales volumes last week compared to the trend last month. Producers looking to add price protection in the late December/early January timeframe should view current forward prices as good value given the risk of a price collapse due to the possibility that the hog supply may exceed industry packing capacity.

Canadian delivered soymeal prices opened lower this morning. US soybean futures continue to push lower amid a variety of factors this morning. Pre-US election positioning has been cited in at least a couple of reputable ag publications suggesting that uncertainty surrounding the election's outcome (and the subsequent policy thrust) has made the previously bullish funds a bit more on the defensive side heading into next week when the polls close on Tuesday. As well, palm and soy oil pressure has materialized and, in turn, pressured the bean trade on news of a jump in Malaysian palm oil stocks by almost 9% since last month and a 1.1% drop in soy oil futures in Chicago. With the US election on Tuesday and the WASDE report on Wednesday, it could be an interesting and volatile week in the markets.

US corn futures opened lower this morning. A general 'risk off' sentiment has added to the recently bearish tone in the US corn futures market. Although US corn futures are trading at the upper end of the recently defined range, the trade will need substantial demand news to shake off the pressure. On Wednesday, the USDA will release the November WASDE report, but there are already thoughts that yield estimates will be adjusted slightly higher suggesting new support will likely not develop on the supply side. Of course, there is always a chance for 'surprises' in the report. However, corn supply estimates for the western hemisphere are generally expected to be large in the short to mid term.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		99.10 104.85	103.00 110.27	115.84 121.54	123.72 128.08	131.88 143.82	151.25 166.61	163.10 172.42	167.13 173.64	161.59 171.30
Soymeal Wpg Del.	444	444	464	466	466	476				

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h@ms 2016 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Lethbridge, AB	Thursday, Nov. 3 - 12:00 Noon	TODAY -The Coast Hotel & Conference Centre - TODAY
Starbuck, MB	Thursday, Nov. 10 - 2:00 PM	Starbuck Community Hall - 25 Main Street