



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 07, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
2.532 mil.	Last Week
2.362 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$42.84
National	\$53.50
Iowa/S. MN.	\$42.87
Signature 5	\$116.34
HyLife	\$126.04
TCP/Britco	\$105.16
4-Mo. Sig5 Fwd	\$118.37
BoC Rate (Noon) prev. day \$1.3412 CAD / \$0.7456 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	126.96/57.59
TCP/Britco	110.90/50.30
ISO Weans	\$25.14 US Avg.
Feeder Pigs	\$28.96 US Avg.
#1 Export Sows (+500lbs.)	\$20.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets are expected to trade steady to lower this week as hog supplies are abundant for all reporting regions. Last week's slaughter was estimated by the USDA at 2.53 million hogs, and when confirmed, it will be the largest weekly slaughter ever recorded. Some packers added a shift last Sunday which took the week's total slaughter beyond the industry's estimated capacity – normally, most plants are idle on Sundays, providing a needed break for the labor force. In general, producers are current with their marketings, but we have recently seen a divergence in the weights of packer-owned animals. This supports the narrative that farms delivering to the Tar Heel facility have fallen behind their normal pace of marketing due to the disruptions to normal operations since the flooding caused by Hurricane Matthew about one month ago. With the best profits that packers have experienced in years, packers have a strong incentive to maximize the plant's capacity which is providing support to the nearby futures contract. Producers without price protection in the late December through early January timeframe should look to cover some of their intended production at current prices to mitigate some of the price risk.

Canadian delivered soymeal prices opened higher this morning. Market commentary ahead of Wednesday's WASDE report suggests that an uptick in yield estimates could push soybean futures lower. However, what they fail to address is that large estimates have largely been priced in and that it will likely take a number 53+ bpa or more to initiate significant pressure. Given that private estimates are showing a range of 51.3-52.8 bpa, thoughts of major move lower are likely overblown even though pressure is expected to remain. The WASDE report will probably have more sway over the market than the upcoming US election results tomorrow, but all traders are keeping a close eye for unconventional market movements amid recent uncertainties.

US corn futures opened higher this morning. Unlike beans, the market is more 'certain' on the corn situation. Not a lot is expected to change after the release of the WASDE report on Wednesday with some analysts going so far in suggesting that slight changes to yields on either side of the October estimates will not result in significant market moves. The reason is that there is a lot of corn in the US (and the world) and not a whole lot of demand for US variants. There are thoughts that demand could pick up in Brazil (ahead of S. American harvest and on evidence there has been an uptick in demand from the region recently), but future demand remains to be seen. In the meantime, yields are expected to come in between 171.4 and 175.3 bpa, potentially pushing ending stocks over 2 billion bushels on average.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		101.50 106.24	104.11 111.35	116.89 122.56	123.64 127.98	131.77 144.09	150.78 166.11	162.61 171.90	168.34 174.85	162.00 171.72	153.26 157.24
Soymeal Wpg Del.	452	452	472	474	474	483					

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h@ms 2016 Remaining Fall Marketing Meeting

Meeting	Date and Time	Location
Starbuck, MB	Thursday, Nov. 10 - 2:00	Starbuck Community Hall - 25 Main Street