



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 09, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Tuesday
436,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$42.03
National	\$53.14
Iowa/S. MN.	\$42.08
Signature 5	\$114.27
HyLife	\$125.16
TCP/Britco	\$102.64
4-Mo. Sig5 Fwd	\$121.34

BoC Rate (Noon) prev. day
\$1.3337 CAD / \$0.7498 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.)
\$22.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US markets are reacting to the unexpected news that Donald Trump became elected President in yesterday's election. For the agricultural sector, the news is somewhat concerning given the anti-trade rhetoric that was central in his platform. Generally, US stock markets are lower with commodities mixed this morning as traders generally see greater uncertainty as a result of the Trump win and tend to discount markets in response. The currency of the largest trading partners with the US are sharply lower, with the Mexican Peso dropping 8% of its value overnight. If maintained, the weaker peso will likely result in lower pork exports to Mexico (the largest market by volume) at a time when the market is already struggling to clear the record large supply. The Canadian Dollar lost approximately 1% of its value against the US Dollar, resulting in a short term positive effect on Canadian hog prices. Producers looking for price protection in the Dec-Jan timeframe should consider current forward prices as fair value given the abundant pork supply that is anticipated in this timeframe.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher ahead of today's WASDE report that will be released at noon, Eastern. Yesterday, the trade pushed higher on thoughts that a 'risk on' sentiment was prevalent in the market. To the extent that this sentiment reflected US election uncertainty or USDA uncertainty will likely be difficult to untangle definitively. However, with the bean market maintaining strength this morning, there is a sense that the recent support has been more a function of pre-report positioning than pre-election speculation even though both factors likely contributed to the recent strength. The trade will now shift its focus to the WASDE report although the market will take some time to digest the sum total of the combined events.

US corn futures opened mixed this morning. Like beans, US corn futures pushed higher yesterday to levels last seen in July, and despite trading in a mixed and choppy pattern as of this writing, the nearby contract has yet to breach established support levels that were tested during the initial sell-off following US election results in the overnight session. Supportive factors now include news that Brazilian feed users will import more corn to relieve a supply shortage and thoughts that the USDA will lower yields in today's WASDE report; pre-report estimates range between 171.4 and 175.3 bpa. In the meantime, there is a sense that unconventional market movements and volatility may take place, adding some uncertainty to the trade.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5		103.06 108.29	107.03 114.31	119.90 125.60	127.18 131.55	135.36 146.94	152.79 168.15	164.64 173.95	168.78 175.25	163.20 172.86	153.47 157.43
Soymeal Wpg Del.	462	462	482	485	485	493					

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.

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