



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 14, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
2.452 mil.	Last Week
2.393 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	\$41.50
National	\$52.46
Iowa/S. MN.	\$41.57
Signature 5	\$113.82
HyLife	\$123.81
TCP/Britco	\$101.98
4-Mo. Sig5 Fwd	\$126.22

BoC Rate (Noon) prev. day
\$1.3475 CAD / \$0.7421 USD

Cash Prices Week Ending November 12, 2016	
Signature 3	103.34/46.87
Signature 4	125.99/57.15
Signature 5	114.66/52.01
h@ms Cash	113.16/51.33
HyLife	124.65/56.54
TCP/Britco	107.80/48.90

ISO Weans	\$29.06 US Avg.
Feeder Pigs	\$33.51 US Avg.
#1 Export Sows (+500lbs.)	\$22.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US negotiated cash markets were lower again last week, with Friday's Veteran's Day holiday (US) impacting operating schedules. The USDA reported hog slaughter for last week at 2.452 million hogs and down about 70,000 from the previous week. Wholesale pork prices were also down sharply on Friday, and have been a focus of traders over the last several weeks, as they look for indications of the abundant pork supply not being cleared from the market. Mexico, the destination for nearly one third of US pork exports has seen its currency drop by 12% over the last week which severely impacts its relative purchasing power. Lean hog futures are down approximately 2% of their value this morning as the prospect for slower pork exports is moderating expectations of cash market performance over the near term. Producers looking for protection should focus their attention on the Q1 2017 timeframe (the earliest forward contract now available is for the week ending January 7, 2017) which is still expected to represent a period with potentially significant downside risk.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are starting the week off lower on rumors that some long liquidation selling may be in the works. The idea for a push lower follows a bean trade that has moved to its lowest level since the middle of October. Pressure from Chinese commodity markets, have been pushed lower, apparently in part, by some regulatory decisions in the country that have been cited as the rationale. Canadian buyers, however, are not able to directly take advantage of the move as the Canadian dollar is trading below 74 cents USD. Essentially, meal is approximately \$15 CAD/MT more expensive relative to a 76 cent dollar (last seen on October 20) for example.

US corn futures opened lower this morning. Like beans, US corn futures have pushed lower on the developments seen in the global commodities markets noted above. However, even though US corn has been generally under pressure, there are thoughts that if the market moves much lower from current levels, US corn futures will be once again in an oversold condition and positioned for a move higher. So far, South American weather remains largely favourable and there is talk of large production ahead, lending support to the idea that both the short and mid term fundamental picture is bearish.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5			104.21 111.54	117.17 122.92	125.00 129.40	133.24 145.33	152.70 168.21	164.67 174.08	169.72 176.31	165.14 174.96	150.46 158.82
Soymeal Wpg Del.	455	455	475	478	478	487					

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