



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 15, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets traded lower to start the week with most regions now trading at the lowest levels experienced in 14 years. Packers have little incentive to increase their bids for uncommitted hogs as most plants are operating at full capacity. In addition, packer owned hogs are likely a little behind in their normal marketing schedule with carcass weights climbing more than 2 lbs. over the last month. This is faster than the typical pace and consistent with the belief that animals destined for Smithfield's Tar Heel facility are being backed up in their own barns. However, lean hog futures are reflecting very little concern over the possibility of a price collapse as the December futures contract is only discounted by about \$2.00/cwt compared to the Lean Hog Index price. Producers without price protection should look at covering the weeks near the New Year at current prices as they represent fair value compared to the historical trend at this time of year.

Canadian delivered soymeal prices opened lower this morning. With the Canadian dollar hovering around 74 cents USD, Canadian meal buyers can be excused if they don't share the same enthusiasm for meal prices pushing lower south of the border. There is further talk of the bean complex heading even lower as the large (mainly Chinese) demand is thought to be already 'priced in'; unfortunately, the recent CAD drop has minimized the benefit for Canadian end users. News from the filed suggest yield estimates are coming in higher than expectations (still) and the earliest of thoughts that the December WASDE report could show another adjustment higher to US yield, potentially adding production to the supply side of the equation.

US corn futures opened higher this morning. US corn futures have recovered somewhat and are trading higher this morning. Fundamentally, there is really no reason for the move; yesterday's Crop Progress report showed the crop was 93% complete and production estimates continue to impress. However, with corn futures trading among the lows, there is arguably technical rationale for a move higher even though the market hasn't moved into oversold territory yet. US corn is also considered to be very competitive in the world market right now and there are expectations that export demand could pick up soon although tangible evidence of that development has not yet materialized in any substantial way.

US Slaughter	
442,000	Monday
437,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$40.86
National	\$51.42
Iowa/S. MN.	\$41.05
Signature 5	\$112.85
HyLife	\$121.95
TCP/Britco	\$101.97
4-Mo. Sig5 Fwd	\$125.48
BoC Rate (Noon) prev. day \$1.3582 CAD / \$0.7363 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.) \$27.00/cwt. (Tagged)	

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5			104.09 111.37	116.95 122.66	123.63 128.00	131.81 144.40	151.44 166.89	163.36 172.74	169.50 176.09	164.43 174.26	150.23 158.60
Soymeal Wpg Del.	448	448	469	472	472	483					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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