



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 16, 2016

For details call: (204)235-2237 or visit www.hamsmarketing.ca

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

US Slaughter	
442,000	Tuesday
437,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$41.24
National	\$51.97
Iowa/S. MN.	\$41.35
Signature 5	\$113.03
HyLife	\$124.23
TCP/Britco	\$101.85
4-Mo. Sig5 Fwd	\$127.21
BoC Rate (Noon) prev. day \$1.3468 CAD / \$0.7425 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)

Forward contract prices opened mixed this morning. US cash markets are expected to trade lower this morning with heavy supplies continuing to apply downward pressure on the hog and pork markets. Despite weekly pork production averaging 5% more than year ago levels over the last month, wholesale pork prices have been relatively stable. However, the completion of retail sales features for National Pork Month in October, as well as the recent drop in the Mexican Peso, is leading to a buildup in inventory of fresh pork. Wholesale pork prices are at risk of a decline in order to maintain recent pork sales volumes, but this does not necessarily translate into lower cash hog prices given the huge spread between the two benchmark prices. Lean hog futures are trading higher this morning, but continue to see significant volatility due to the uncertainty surrounding hog supply vs. slaughter capacity as well as concerns of the ability to clear the market of the record large pork supply. The Canadian Dollar is trading near steady with yesterday's values, but is up more than one cent from the six month lows put in earlier this week.

Canadian delivered soymeal prices opened higher this morning. With the US Dollar trading at 13-year highs, export demand 'should' be tapering off somewhat. Not so. Export demand for US beans continues to be robust, despite the technically decreasing US competitiveness, potentially signalling the current state of global bean availability (as opposed to stocks). There are thoughts that if South American weather is normal, record amounts of beans could pressure further out. However, official and private estimates vary widely and wet weather in Argentina is resulting in some decreasing acreage estimates. The market is expected to be supported until either demand tapers off or consensus develops on a high S. American production estimate.

US corn futures opened lower this morning. US corn continues to trade under pressure, but there are thoughts that the market could turn around. There is news from China suggesting six provinces will implement an E10 blend policy that could burn through state stocks. As well, while there is a lot of corn in the market, US corn is still competitive (despite the high USD) and there are thoughts export demand could pick up observing that Brazil is currently out of the export market, and Argentina and Ukraine are priced higher. There is also talk, however, that US farmers are waiting for a more substantial rally before selling resumes. The pressure has so far not provided much rationale – unless, of course, prices prove to drop even lower.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #5			105.82 113.10	118.68 124.38	125.71 130.08	133.88 145.89	152.47 167.86	164.34 173.67	168.92 175.46	162.80 172.56	148.70 157.01
Soymeal Wpg Del.	450	450	471	473	473	482					

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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