



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 17, 2016

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

www.hamsmarketing.ca

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

| US Slaughter | |
|--------------|-------------------------|
| 442,000 | Wednesday |
| 440,000 | Wednesday (year ago) |

| Daily Prices | |
|----------------|----------|
| W. Corn Belt | \$40.71 |
| National | \$51.42 |
| Iowa/S. MN. | \$40.82 |
| Signature 5 | \$111.27 |
| HyLife | \$121.87 |
| TCP/Britco | \$100.16 |
| 4-Mo. Sig5 Fwd | \$127.52 |

BoC Rate (Noon) prev. day
\$1.3416 CAD / \$0.7454 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 | Oct |
|----------------------------------|-----|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | | 106.16 113.41 | 118.98 124.66 | 125.92 130.28 | 134.07 146.24 | 153.19 168.55 | 165.04 174.35 | 169.55 176.08 | 163.19 172.93 | 147.93 156.81 | 145.03 147.93 |
| Soymeal Wpg Del. | 446 | 446 | 468 | 471 | 471 | 481 | | | | | | |

Forward contract prices opened mixed this morning. US cash markets are under pressure late this week as this week's US hog slaughter is on pace to match the record large slaughter seen two weeks ago: approximately 2.53 million hogs. There is a dwindling number of hogs that are being purchased on a negotiated price and a growing number of purchases based on a formula. This has the effect of 'smoothing out the extremes' and something that is more typically seen in the negotiated values. Currently, traders are watching the pork carcass cut-out more closely and looking for indications that packers are having difficulty clearing their inventory at such high levels of production. Lean hog futures moved sharply higher in yesterday's trade, but further upside appears limited in the short term given that the December futures contract is trading equivalent to the CME Lean Hog Index price. Producers without price protection in the first two weeks of January should consider contracting some of their production at current prices to avoid any further weakness in the cash market.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading under some pressure this morning, but the trade is called range-bound for the foreseeable future or until substantial news develops. Of course, there will be some interim ebbs and flows stemming from pre-US Thanksgiving positioning (markets will be closed next Thursday and trading is expected to be light on Friday) as well as the residual choppiness stemming from the results of the latest US presidential election. However, nothing significantly has changed. There is talk that yields could be raised in the next WASDE report, but that remains to be seen. Exports came within expectations, but lower than last year. Speculation and one (only slightly bearish) report will not be enough to push the bean market substantially lower, especially amid the current lows (US).

US corn futures opened mixed this morning. Like beans, US corn futures are trading in a two-sided and choppy pattern, but under some pressure this morning. Thoughts are that S. American weather continues to be bearish (although some localized wetness in Argentina soy growing regions is making the news feeds) which could add to an already oversupplied global corn market. However, there is talk that US farmers are reluctant to sell corn amid the current lows and instead, are waiting for a rally to develop before entering the market. If the strategy works, those currently holding corn may indeed curb supply and influence the market higher. If it doesn't, and the market continues to trade amid the lows (or lower), current values may turn out to have been the better option in hindsight.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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