



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 21, 2016

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

www.hamsmarketing.ca

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

US Slaughter

2.531 mil. Last Week

2.394 mil. Last Week
(year ago)

Daily Prices

W. Corn Belt \$40.50

National \$51.03

Iowa/S. MN. \$40.53

Signature 5 \$111.41

HyLife \$120.61

TCP/Britco \$100.21

4-Mo. Sig5 Fwd \$129.04

BoC Rate (Noon) prev. day
\$1.3519 CAD / \$0.7397 USD

Cash Prices Week Ending November 19, 2016

Signature 3 101.08/45.85

Signature 4 123.50/56.02

Signature 5 112.29/50.93

h@ms Cash 110.79/50.25

HyLife 122.22/55.44

TCP/Britco 102.40/46.45

ISO Weans \$33.66 US Avg.

Feeder Pigs \$35.08 US Avg.

#1 Export Sows (+500lbs.)
\$27.00/cwt. (Tagged)

Forward contract prices opened mostly higher this morning.

US cash markets are trading lower this morning and are valued at the lowest level we have experienced since 2002. Last week's slaughter was estimated by the USDA at 2.531 million hogs, just 1000 hogs fewer than the largest weekly slaughter on record set two weeks ago. Independent producers remain very current with their hog marketing, while packer owned hogs are lagging significantly with their carcass weights averaging 4 lbs. heavier. The pork cut-out was lower last week with all of the primal cuts losing value with the exception of hams, which rallied sharply on Friday. However, traders have a concern that export volumes have slowed since the Mexican Peso and Japanese Yen have both dropped more than 5% against the US Dollar after the US election. Cash prices will likely have difficulty recovering this week, with all US plants closing for Thanksgiving on Thursday. Producers without protection in early January should view current forward prices as fair value, given the uncertainty of market prices amid record large supplies.

Canadian delivered soymeal prices opened higher this morning.

A weakening US currency and a jump in oil prices has supported the US soybean futures market where double digit gains have materialized at the beginning of the session. There are thoughts that the rally in the US dollar following the election developed a bit too fast and that the recent softening (USD is down 0.3% in today's trade) could increase affordability of beans in the short term. Speculation is rumored on whether or not the recent strength is a function of an opportunistic buying spree at the same time farmers are holding on to production. Nonetheless, the market is opening stronger to start the week despite the fact that harvest has all but completely wrapped up in the US and outlooks on supply are bearish in both hemispheres.

US corn futures opened higher this morning.

Like beans, US corn futures have opened higher on a weak(er) US dollar and a boost in crude oil prices. Even with the blend wall, the impact of higher energy prices on corn (ethanol) is a bit more pronounced than soybeans (biodiesel) and corn futures have rallied approximately 1/2% since the last sessions' close. There is also talk of some renewed interest in end user buying at the same time it is widely thought farmers are holding on to corn amid the recent lows. There is talk that many are waiting for 'a strong' rally before resuming selling.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			108.47 115.72	121.28 126.96	126.89 131.24	135.04 147.08	153.76 169.10	165.60 174.90	170.69 177.25	164.35 174.14	148.87 157.82	145.96 148.87
Soymeal Wpg Del.	461	461	482	485	485	496						

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HWY #6 AND RD 236

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