



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 22, 2016

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

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

US Slaughter	
443,000	Monday
441,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$41.11
National	\$50.76
Iowa/S. MN.	\$41.23
Signature 5	\$111.16
HyLife	\$120.77
TCP/Britco	\$101.32
4-Mo. Sig5 Fwd	\$130.50

**BoC Rate (Noon) prev. day**  
\$1.3437 CAD / \$0.7442 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.)	\$26.00/cwt. (Tagged)

## Forward contract prices opened mostly higher this morning.

US cash markets found a little support in yesterday's trade despite packers easily meeting their needs due to one fewer production day this week. Hog slaughter for the week ending November 26 is expected to be near 2.15 million hogs with US Thanksgiving holiday cutting out a weekday shift. The pork cut-out has been firm over the last few weeks, providing evidence that pork sales have been strong enough to keep inventory in check. The USDA will release the monthly Cold Storage report this afternoon which will provide information on inventory on November 1<sup>st</sup>. Lean hog futures rallied to their highest levels in months yesterday with no new fundamental information coming to light. The rally may have been based on short position covering in a market that had a thinner trade compared to recent weeks. The volume of trade on the December and February contracts was nearly half as large as last Monday which probably contributed to the \$2.00/cwt surge in prices. Regardless, yesterday's gains have returned forward contract prices to the highest level since early September, providing a good pricing opportunity for the early weeks of 2017, particularly while there is still significant uncertainty in the cash market.

## Canadian delivered soymeal prices opened higher this morning.

The US soybean futures market has backed off from its impressive rally yesterday following a move that has many fundamental analysts mulling over its recent strength. The general consensus for the action is that aggressive buying from speculators quickly entered the market; ideas that this is because managed money is moving from underperforming sectors into commodities is very much speculation at this point. Regardless, the activity does not diminish the move higher which has resulted in a \$10-12 CAD/MT jump in prices across most contracts since last week. There are thoughts that the market will cool down following the US Thanksgiving weekend, but end users should likely expect some unconventional volatility in the short term.

## US corn futures opened lower this morning.

Like beans, the US corn futures trade rallied on aggressive buying from speculators yesterday, but has since turned around from the highs. As well, there is a fair bit of article space dedicated to the idea that the market will see some strength immediately before (and continuing past) the US Thanksgiving holiday period, but that the trade will ultimately cool off. The degree to which this turns out to be true remains to be seen, but the take home message is that it is likely not the best time to be a purchaser at this time (if you believe the market will indeed turn around). Export inspections were within expectations and ahead of trend line, but managed money movement appears to be having more of an impact than any fundamental report.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			110.45 117.71	123.28 128.97	128.12 132.48	136.28 148.13	153.79 169.12	165.62 174.92	170.09 176.56	164.11 173.84	148.94 157.85	146.04 148.94
Soymeal Wpg Del.	462	462	483	486	486	496						

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

Thursday, November 24 is US Thanksgiving and the markets will be closed.

Forward Contracting will be unavailable and opening reports will likewise not be published.

On Friday, November 25, markets close one hour early.

Normal forward contracting hours resume on Monday, November 28.

The main office will be open in all cases.