



# Hog Margin Outlook

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Wednesday, November 23, 2016

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

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

US Slaughter	
442,000	Tuesday
436,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$41.21
National	\$50.94
Iowa/S. MN.	\$41.21
Signature 5	\$111.56
HyLife	\$120.47
TCP/Britco	\$101.33
4-Mo. Sig5 Fwd	\$131.02
<b>BoC Rate (Noon) prev. day</b> \$1.3444 CAD / \$0.7438 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 were steady this morning with daily slaughter averaging 442,000 hogs so far this week. Tomorrow, the US celebrates Thanksgiving which sees all plant operations shut down for the day. Given that the flow of hog supplies has been running just shy of the 2.53 million hog weekly capacity, this week's reduced kill is expected to be near 2.15 million which will result in heavier hog weights next week. Cold storage inventory was released yesterday afternoon and showed evidence of good pork movement until October 31. Pork inventory was down 1% from year ago levels, despite pork production for the month of October coming in 5% higher than last year. The ham and butt primals were the only cuts to have inventory below year ago levels, but because they make up close to 35% of the hog carcass by weight, their decline in volume more than offset the increases experienced by the other primal cuts. Lean hog futures reacted positively to the report with the nearby contracts recovering from yesterday's losses. The current forward contract prices offered for the early part of January are greater than or equivalent to the current cash market, and producers should consider covering a portion of their price risk to avoid any further weakness that could come from burdensome hog supplies

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures continue to back off from recent highs, but Canadian meal end users continue to see high prices (relatively speaking). In brief, supportive elements include the seasonal Thanksgiving rally, a strong crush in China due to good margins, new fund activity and news that a major investment bank has recommended investors move into commodities. Odds on support at closing on the day before Thanksgiving (today) and the day after (Friday) are at 66% and 68% respectively. There is talk that investors are not willing to short the bean trade until S. American production estimates are more precise even though some traders are wondering if current values are a bit too high.

## US corn futures opened lower this morning.

US corn futures are trading lower this morning following the rally that began on Monday. As the days progress, a clearer picture is starting to emerge given that the fundamental outlooks would suggest a more bearish tone should be present in the market; the recent turn lower, however, appears to be more of a correction than any developing long term trend amid the current uncertainties. Advice from a major investment bank may or may not have influenced investors, but the trade cannot deny the movement of fund money into commodities recently. Fundamental outlooks remain bearish as weather in S. America has been benign so far; global corn stocks remain abundant.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			110.96 118.25	123.84 129.56	128.51 132.89	136.71 148.70	154.45 169.87	166.35 175.69	170.11 176.63	164.00 173.73	149.27 158.17	146.37 149.27
Soymeal Wpg Del.	464	464	485	489	489	498						

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.

Tomorrow, 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 remain open in all cases.