



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 25, 2016

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

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

US Slaughter	
443,000	Wednesday
442,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$41.52
National	\$51.15
Iowa/S. MN.	\$41.64
Signature 5	\$112.55
HyLife	\$121.26
TCP/Britco	\$102.71
4-Mo. Sig5 Fwd	\$132.72
<b>BoC Rate (Noon) prev. day</b> \$1.3487 CAD / \$0.7415 USD	
Cash Prices Week Ending November 26, 2016	
Signature 3	101.45/46.02
Signature 4	121.94/55.31
Signature 5	111.69/50.66
h@ms Cash	110.19/49.98
HyLife	120.97/54.87
TCP/Britco	100.80/45.72
ISO Weans	\$33.66 US Avg.
Feeder Pigs	\$35.08 US Avg.
#1 Export Sows (+500lbs.)	\$26.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets are expected to finish this holiday reduced work week with lower cash bids, but firm against last week's prices. The Saturday kill is expected to be more than 300,000 hogs, but due to yesterday's US Thanksgiving, the weekly slaughter will still be approximately about 17% smaller than recent weeks. However, producers are very current with their marketings; carcass weights are averaging 4 lbs. lighter than year ago levels which has the effect of reducing pork production by about 2%. There are indications of sluggish export sales volume over the last few weeks as the stronger US Dollar is making it more expensive for foreign buyers. Lean hog futures are trading at a higher-than-average premium to the cash market. This represents a good hedging opportunity for the Jan – Feb timeframe given the expectation of heavy supplies over the next 3 weeks. Producers are reminded that the markets are closed one hour early today meaning forward contracting will cease at 11:30 AM (Central) instead of the usual 12:30 PM close.

**Canadian delivered soymeal prices opened even this morning.** True to historical trends favouring a higher trade near the US Thanksgiving, the US soybean futures market is trading higher in this holiday-shortened week. Fund buying continued to provide much of the support, but the action followed an EPA release showing the biofuels mandate for 2017 will be raised to 19.28 billion gallons, up from 18.80 billion gallons in 2016. The bio-diesel portion of this (important for the soy oil trade) amounts to 2.1 billion gallons for 2017 and fund buyers reacted by picking up 15,000 soy oil contracts. So, while the supply outlook could be considered bearish, there are other factors providing support than just demand news and this time, and recently, it was driven by the oil portion of the complex. The value of the Canadian dollar is doing Canadian end users no favours, trading in the 74 cent USD range, and there is talk of it heading lower in the new year.

**US corn futures opened lower this morning.** US corn futures are bucking the Thanksgiving trend and opening lower on a day that is expected to see low volumes, but some potential volatility. EPA news shows that 15.0 billion gallons are earmarked for the 2017 Renewable Fuels Strategy (RFS), up from the 14.5 billion gallons in 2016. The announcement came as a bit of a surprise as the market consensus was for 14.8 billion gallons. This 'extra' production means an additional 170-175 million bu. will be added to the demand side of the balance sheet, but ending stocks estimates remain above 2.4 billion bu. suggesting that even with higher demand, there will still be a lot of corn in the marketplace.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			112.68 119.98	125.57 131.29	130.32 134.70	138.52 150.54	155.88 171.31	139.79 177.15	171.45 178.00	164.51 174.29	150.44 159.40	147.53 150.44
Soymeal Wpg Del.	464	464	485	489	489	498						

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

Forward contracting will be closed at 11:30AM, Central.

Normal forward contracting hours resume on Monday, November 28.