



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 28, 2016

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

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

US Slaughter	
2.152 mil.	Last Week
2.110 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$42.23
National	\$51.11
Iowa/S. MN.	\$42.31
Signature 5	\$113.61
HyLife	\$121.33
TCP/Britco	\$104.57
4-Mo. Sig5 Fwd	\$133.18
BoC Rate (Noon) prev. day \$1.3514 CAD / \$0.7400 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	\$37.07 US Avg.
Feeder Pigs	\$39.31 US Avg.
#1 Export Sows (+500lbs.)	\$26.00/cwt. (Tagged)

Forward contract prices opened mixed this morning. US cash markets performed well last week amid the holiday reduced slaughter schedule and most regional negotiated prices gained about \$1.00/cwt over the week. The week's hog slaughter was estimated at 2.15 million hogs, nearly 400,000 hogs fewer than the previous week due to the US Thanksgiving holiday. The pork carcass cut-out also performed well, gaining about \$1.00/cwt, despite abundant pork supplies for several weeks. Most bullish from last week's trade was the gain seen in the nearby lean hog futures trade, which totaled nearly \$3.00/cwt for the December and February contracts. Traders are optimistic that cash prices will continue their higher trend, gaining \$4.00 over the next 3 weeks, and another \$6.00/cwt to the middle of February. However, heavy supplies are still cause for concern, especially as pork exports sales are struggling against a relatively strong US Dollar. Producers should consider covering some of their early 2017 production at current prices as they represent fair value in the context of current market fundamentals.

Canadian delivered soymeal prices opened higher this morning. Fallout from the US presidential election continues to influence oilseeds and there are now thoughts that buyers in China have embarked on a speculative buying spree. Why? Rumors are starting to surface in the trade publications suggesting Chinese buyers are potentially concerned that a trade war could develop under the new administration so they are actively hedging that uncertainty now. The Chinese government's response has been to raise margin call requirements and other fees in an effort to cool the action of 'private' actors. Regardless, this is a new development for the market to digest and local end users should consider this development in their purchasing plans for the new year.

US corn futures opened mixed this morning. Unlike beans, US corn futures are not experiencing the same support found in the soybean futures trade and there are a couple reasons for this. Global supplies of corn currently are large, US ending stocks estimates for corn continue to grow (even in the face of this new interest in raw ingredients by China) because China is not a large US corn customer. Now some residual strength from DDGs may influence a bit, but not to the extent of beans. The other reason is that there are many corn growers in the world (consider the EU and the Black Sea region for example) while there are really only three major global soybean powers; The USA, Brazil and Argentina. New support and a volatile trade should not be completely written off, however.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			113.58 120.82	126.38 132.05	130.48 134.83	138.62 150.53	155.81 171.12	167.62 176.91	171.13 177.63	164.79 177.63	150.21 158.48	147.98 150.89
Soymeal Wpg Del.	467	467	488	492	492	501						

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