



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 29, 2016

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

www.hamsmarketing.ca

Hog Prices: ↓Soymeal: ↑↓

Corn: ↓ CDN Dollar: ↑

US Slaughter	
443,000	Monday
440,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$42.74
National	\$51.07
Iowa/S. MN.	\$42.80
Signature 5	\$113.23
HyLife	\$121.46
TCP/Britco	\$104.90
4-Mo. Sig5 Fwd	\$129.63
BoC Rate (Noon) prev. day \$1.3401 CAD / \$0.7462 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 lower this morning. US cash markets started this week with higher cash bids as record large packer margins are providing an incentive for packers to secure uncommitted hogs. The massive spread between wholesale pork prices and cash hog values is estimated to be netting packers over \$60 USD/hog. The unprecedented profitability has been in place for months and is in part due to very high utilization of existing packing capacity. With US weekly pork production achieving new records for several weeks, traders have been focused on evidence that the market is being cleared of its inventory. With almost all of the pork primal cuts gaining strength over the last week, demand has been strong in spite of the stronger US Dollar and competition from chicken and beef. However, with another month of record large production still anticipated, producers without protection should use the premium currently built into the January and February forward prices to hedge up to half of their intended production.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading lower this morning, but price relief for end users will take many more sessions of lows. Since the last rally that began mid-November, the nearby contract is trading at new contract highs. The recent strength has been a function of managed money moving into commodities, and more recently, thoughts that Chinses end users are hedging against the possibility of an as yet unsubstantiated trade war with the US. In short, speculation is rampant in the trade that has moved higher for seven straight sessions, and with technical indicators moving into the overbought territory, a retreat from the highs could be on the horizon if the speculative fears do not materialize.

US corn futures opened lower this morning. With a lot of corn in the marketplace and no real new fundamental changes to the supply or demand picture, US corn futures are moving as investors either enter or exit the marketplace. Managed money support has not been as prominent in corn futures, and recently, there are reports that short covering has been a primary pressure factor keeping and semblance of a sustained rally in check. There is no real weather news coming from South America, but it is being watched closely. In the meantime, the market consensus is that without some weather stress, the S. American crop will be a large one. Export inspections came in lower than the range of expectations, adding additional pressure this morning.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			109.36 116.63	122.20 127.89	127.41 131.77	135.57 147.59	152.43 167.80	164.29 173.60	168.05 174.57	161.76 171.48	147.99 156.48	145.09 147.99
Soymeal Wpg Del.	475	475	479	479	483	502						

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WINNIPEG LIVESTOCK
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