



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 30, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Tuesday
437,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	\$44.25
National	\$51.16
Iowa/S. MN.	\$44.43
Signature 5	\$115.49
HyLife	\$120.67
TCP/Britco	\$109.17
4-Mo. Sig5 Fwd	\$128.33

BoC Rate (Noon) prev. day
\$1.3435 CAD / \$0.7443 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 negotiated cash markets gained more than \$1.00/cwt in trade yesterday, even as the supply of hogs is abundant enough for the industry to add another weekly slaughter likely totaling more than 2.5 million hogs. Producers are motivated to stay current with their marketings ahead of the holiday reduced slaughter schedules that are less than a month away. Wholesale pork prices turned lower yesterday with the ham primal dropping close to \$5.00/cwt to the lowest level in about 2 weeks. However, the ham primal has been the most supportive cut to the pork carcass cut-out, trading at values 25% higher than at this time last year. A weak Mexican Peso, has likely contributed to the recent downturn as Mexico typically takes 1/3 of all pork exports from the US. Lean hog futures were supported by the cash market gains experienced yesterday. Given what the December lean hog contract is valued at, traders are anticipating a rally of approximately \$1.00/cwt per week over the next 3 weeks.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are once again trading lower, but the move is not being touted as the beginning of any longer term trend. In fact, more volatility is likely on the way. Trade publications are citing Chinese investors as significant actors in the global commodities trade (including ags), and there are thoughts that aggressive positioning is providing some of the current support, specifically by the speculators and large funds. Improving demand in the country, reforms aimed at reducing oversupply, and indeed, post-US election policy uncertainty are all cited as contributing factors. On the other hand, there is talk today's weakness could be a sign of unconfirmed preliminary interest turning to S. America for upcoming supplies.

US corn futures opened higher this morning. Weakness in energy markets pushed US corn futures lower yesterday, but the trade has recovered from the pressure this morning. Factors contributing to the recovery appear aligned with some of the speculation cited in soybean strength as well as some technical indicators showing the trade pushed into oversold territory yesterday. In the meantime, the USDA is already making very preliminary estimates on next year's domestic crop using 90 million acres (down 4.5 million from this year) and a 170.8 bpa yield estimate. If true, this would result in 2.298 billion bu. in ending stocks assuming constant demand, suggesting that despite the acreage reduction, a lot of corn will be in the market next year too.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			108.50 115.76	121.32 127.00	125.96 130.31	134.11 145.52	151.54 166.81	163.32 172.58	167.62 174.13	161.40 171.12	145.32 154.79	142.45 145.32
Soymeal Wpg Del.	469	469	470	474	474	492						

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HWY #6 AND RD 236

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