



# Hog Margin Outlook

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Tuesday, September 27, 2016

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

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

US Slaughter	
441,000	Monday
428,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$50.89
National	\$60.27
Iowa/S. MN.	\$50.93
Signature 3	\$123.10
HyLife	\$139.66
TCP/Britco	\$122.92
Sig 3 4-Month Fwd.	\$105.24
<b>BoC Rate (Noon) prev. day</b> \$1.3197 CAD / \$0.7577 USD	
Cash Prices Week Ending September 24, 2016	
Signature 3	127.45/57.81
h@ms Cash	125.95/57.13
HyLife	144.66/65.62
TCP/Britco	134.90/61.19
ISO Weans	\$15.99 US Avg.
Feeder Pigs	\$28.58 US Avg.
#1 Export Sows (+500lbs.)	\$33.00/cwt. (Tagged)

**Forward contract prices opened mixed this morning.** US cash markets dropped nearly \$1.00 USD/cwt in yesterday's trade with all US federally inspected facilities operating at full their full daily capacity, resulting in an estimated slaughter of 441,000 hogs. Traders are looking for hog numbers to moderate from last week's slaughter of 2.466 million which was the largest weekly slaughter for the month of September on record. If hog supplies follow the typical trend, the largest weekly slaughter is still expected to be 10 weeks away (when supplies are typically 5% larger compared to the weekly supply in the last week of September). Futures traders are anxiously awaiting the USDA's Hogs and Pigs report that will be released this Friday where it is expected to show the largest quarterly hog supply on record. December lean hog futures are factoring in the abundant supply with the contract already trading near \$49.00 USD/cwt, a \$4.00/cwt discount from the October futures contract. However, if the USDA's market hog survey results are on the high end of expectations, prices would likely fall even lower in order to reflect slaughter capacity constraints.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading mixed. This Friday, the USDA will release the quarterly Grain Stocks report and some of the choppiness is being attributed to pre-report positioning. Trade estimates ahead of the report are for an average 201 million bu. against a 180-256 million bu. range and 191 million bu. last year. US harvest is in the early stages at 10% complete, coming in slightly lower than the 11% expectation and a 13% average. While, a drier forecast is expected to help farmers get back on the fields and move harvest along this week, the models further out show some more rain is expected the week after next, potentially slowing harvest pace once again.

**US corn futures opened higher this morning.** Like beans, US corn is trading in a choppy pattern (albeit with a bit of strength as of this writing) ahead of the quarterly Grain Stocks report released this Friday. Trade estimates are coming in at 1.754 billion bu. against a 1.665 to 1.862 billion bu. range and compared to 1.731 billion bu. last year at this time. Turning to harvest, US corn pace was also, like beans, slower than expectations coming in at 15% complete vs. a pre-report estimate of 17% and a 19% average. The results should be somewhat unsurprising as wet weather has seen harvest slow to a crawl (if not a complete stop) in some regions, but the forecasts for drier weather ahead this week should allow for some more harvesting to continue.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		116.78	95.15 111.52	96.97 103.03	97.37 108.26	113.10 114.31	117.34 118.55	122.78 136.70	144.01 157.32	153.69 164.58	158.41 162.77
Maple Leaf Sig. #5		120.60	103.44 117.59	103.32 108.98	103.93 111.68	116.08 119.42	121.68 122.87	126.61 138.60	143.45 158.58	155.13 164.30	161.31 164.01
Soymeal Wpg Del.	433	433	433	433	454	457					

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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