



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 29, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
440,000	Wednesday
427,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$49.67
National	\$59.65
Iowa/S. MN.	\$49.69
Signature 3	\$120.56
HyLife	\$139.08
TCP/Britco	\$120.34
Sig 3 4-Month Fwd.	\$101.31
<b>BoC Rate (Noon) prev. day</b> \$1.3242 CAD / \$0.7552 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 lower this morning.** US cash markets continue their lower trend with all regional markets now trading lower than \$50 USD/cwt, matching the lowest level of the year last seen in the first week of January. The pork carcass cut-out dropped \$2.40 USD/cwt with weakness in all cuts except pork bellies. Last week's massive hog slaughter of 2.466 million hogs has added a significant quantity of pork to the wholesale trade this week which contributed to the broad based weakness. Lean hog futures are struggling to make gains amid the bearish cash market fundamentals, but some traders see that a 'silver lining' within the dark cloud of supply is that hog producers are getting more current with their marketings. Trade over the next week will be dominated by the upcoming Hogs and Pigs report which would be viewed as neutral if the 'Kept for Marketing' category comes in between +1 and +2%. Producers still looking to add protection should set targets \$8-\$10 CAD/kg higher than current forward prices being offered for the Dec – Mar timeframe.

**Canadian delivered soymeal prices opened lower this morning.** Short covering and expectations that the recently strong demand picture will be reflected in tomorrow's Grain Stocks report is a supportive factor this morning. The export sales report came in higher than expectations at 1.623 MMT, nearly twice the volume of the previous week and there is talk that this demand dynamic will be reflected in tomorrow's report potentially showing a draw down of US domestic stocks. However, there is also talk that yield estimates could be adjusted higher between 1 and 2.25 bpa, and considering that a 1 bpa adjustment higher reflects an ~80 million bu. adjustment to production, there may be more than enough supply to offset the difference.

**US corn futures opened higher this morning.** Despite a poor export sales report showing 575,000 MT in sales (compared to the 750-950,000 MT expectation) and reports that the Chinese tariff on US DDGs will be increasing to 44%, US corn futures are showing some strength. Talk of short covering ahead of tomorrow's Grain Stocks report is thought to be contributing to the support as are expectations that yield estimates could be curbed from an approximate 174 bpa to between 170 and 171 bpa. As well, there are thoughts that the rally in crude oil markets yesterday (following the announcement of impending OPEC production cuts) has helped support energy markets and by extension, the US corn trade.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		113.26	91.13 107.32	92.93 98.92	93.67 104.45	109.24 110.44	113.67 114.87	119.06 132.53	140.41 153.56	149.97 160.73	154.32 158.94
Maple Leaf Sig. #5		117.07	99.37 113.37	99.25 104.85	100.21 107.87	112.24 115.54	118.01 119.19	122.89 134.44	139.89 154.83	151.42 160.48	157.23 160.20
Soymeal Wpg Del.	434	434	434	434	457	457					

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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