



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 04, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning.

US cash markets were weaker again to start this week, with burdensome hog supplies continuing to pressure packer bids. Most packers have already expanded their production schedule to their full capacity, however there is potential for some to add a partial shift to Sundays on an Ad hoc basis. USDA reported that estimated live hog weights increased by 2 lbs over the last two weeks, which does not suggest that producers are pulling hogs ahead of their normal shipping schedule. However, data released on Thursday will help to clarify this issue as actual hog weights will be reported. Lean

Analysts' Expectations vs. September Quarterly Hogs and Pigs Report			
	Range % of 2015	Avg. In % of 2015	Sep. in % of 2015
All hogs	100.6-102.3	101.1	102.4
Breeding	99.0-101.1	100.6	100.5
Marketing	100.6-102.4	101.1	102.6
>180 lbs.	100.5-104.0	103.1	104.1
120-179 lbs.	101.8-103.1	102.3	103.7
50-119 lbs.	99.0-102.4	100.8	101.9
<50 lbs.	99.0-102.0	99.9	101.7

Source: USDA; citing Urner Barry in DLR

Hog futures remain highly volatile with trading ranges of more than \$2.00/cwt for most contracts and heightened attention amongst traders. With projected supply over the next 3 months so close to the industry's slaughter capacity, any plant disruptions can have a large negative effect on prices. Current futures prices imply that cash prices will fall approximately \$5.00/cwt over the next ten days, and erode by another \$6.00/cwt over the following two months, taking cash prices to the lowest level in more than 7 years.

Canadian delivered soymeal prices opened higher this morning.

The soybean complex is trading lower this morning with influence coming from the results of yesterday's USDA report on harvest progress. The Crop Progress Report had 26% of the US soybean crop harvested, which was a significant improvement over the previous week's 10% completion but still lagging last year's progress of 36% complete. With significant precipitation expected in Iowa/Minnesota, harvest progress is expected to stall, which could add support to meal prices.

US corn futures opened mixed this morning.

Corn futures are holding their recent gains, made after the USDA reported domestic supplies were lower than what the trade had anticipated last week. Adding to this is the wetter forecast that is expected to slow harvest progress which is 24% complete, similar to last year's.

US Slaughter	
440,000	Monday
435,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$47.96
National	\$57.71
Iowa/S. MN.	\$47.90
Signature 3	\$115.49
HyLife	\$133.24
TCP/Britco	\$115.09
Sig 3 4-Month Fwd.	\$95.77
BoC Rate (Noon) prev. day \$1.3137 CAD / \$0.7612 USD	
Cash Prices Week Ending October 1, 2016	
Signature 3	121.51/55.12
h@ms Cash	120.01/54.44
HyLife	138.06/62.62
TCP/Britco	126.40/57.33
ISO Weans	\$15.46 US Avg.
Feeder Pigs	\$23.22 US Avg.
#1 Export Sows (+500lbs.)	\$27.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		84.50 100.79	86.31 92.34	90.75 101.59	106.41 107.61	114.24 115.44	119.66 133.09	142.21 155.42	151.81 162.62	151.96 160.82
Maple Leaf Sig. #5		92.91 106.99	92.79 98.42	97.38 105.09	109.47 112.79	118.60 119.79	123.51 135.01	141.67 156.68	153.25 162.35	155.35 162.06
Soymeal Wpg Del.	446	447	447	469	472	472				

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