



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 05, 2016

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

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

US Slaughter	
441,000	Tuesday
434,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$46.93
National	\$57.81
Iowa/S. MN.	\$46.98
Signature 3	\$113.29
HyLife	\$133.66
TCP/Britco	\$113.16
Sig 3 4-Month Fwd.	\$93.92
<b>BoC Rate (Noon) prev. day</b> \$1.3170 CAD / \$0.7593 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)	

**Forward contract prices opened mixed this morning.** US cash markets dropped nearly \$1.00/cwt in trade yesterday and hit the lowest level seen in several years. With the last two weeks of hog slaughter exceeding year ago levels by more than 7%, prices continue to see pressure from the oversupply. This percentage increase will not persist as we will either reach the industry's capacity of an estimated 2.5 million hogs per week or the numbers will moderate as compared to year ago levels (as the latest Hogs and Pigs report suggests). A recovery in prices over the next 3 months is contingent on a significant improvement in export demand. Traders remain skeptical that we will see the market respond strongly enough to initiate a recovery as the December lean hog futures contract is discounted by approximately \$8.00/cwt or 15% of the current cash value. However, buyers from around the world should respond positively to the lower US values that will probably represent the most competitively priced pork globally.

**Canadian delivered soymeal prices opened mostly lower this morning.** Reports from the field showing strong yield performance and expectations that the production issues seen in S. America last year will likely not be repeated this year are pressuring factors this morning. Harvest pace in the US is expected to slow somewhat this week as some weather systems move around important growing regions, but the expectations of large yields will continue to pressure. The S. American 'prediction' is a bit on the early side considering perennial port work stoppages and the fact that they are in the earliest stages of planting. However, there has been a bit of attention drawn to generation II seed performance that could ultimately influence a bump in yield in S. America.

**US corn futures opened lower this morning.** US corn futures continue to come under pressure as harvest ramps up and demand remains comparatively weak. However, technical indicators such as the relative strength index (RSI) point to an oversold condition leaving some in the trade to suggest a technical bounce is entirely possible, potentially providing some interim support as the harvest pace moves along. All eyes will be on the October WASDE report (released next Wednesday) to see if the USDA lowers yield expectations from the current 174+ bpa to trade guesses hovering between 170 and 171 bpa.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		80.59 96.94	82.41 88.46	88.70 99.60	104.44 105.65	113.40 114.61	118.85 132.58	144.96 158.26	154.64 165.52	157.45 164.10
Maple Leaf Sig. #5		89.09 103.33	88.97 94.62	95.41 103.16	107.56 110.90	117.81 119.01	122.75 134.54	144.39 159.51	156.06 165.22	159.02 165.44
Soymeal Wpg Del.	444	446	446	469	472	472				

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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