



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 07, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
439,000	Thursday
435,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$46.75
National	\$56.35
Iowa/S. MN.	\$46.78
Signature 5	\$122.66
HyLife	\$130.69
TCP/Britco	\$113.02
4-Mo. Sig5 Fwd	\$100.51
BoC Rate (Noon) prev. day \$1.3210 CAD / \$0.7570 USD	
Cash Prices Week Ending October 8, 2016	
Signature 3	114.45/51.91
Signature 4	134.25/60.90
Signature 5	124.35/56.40
h@ms Cash	122.85/55.72
HyLife	132.47/60.09
TCP/Britco	120.00/54.43
ISO Weans	\$15.46 US Avg.
Feeder Pigs	\$23.22 US Avg.
#1 Export Sows (+500lbs.)	\$27.00/cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets eroded further as packers have no incentive to bid prices higher when they have very little extra time in their schedule to add hours. The USDA recently adjusted their estimates of slaughter volume for the week ending September 24 to 2.473 million hogs. This total was only about 20,000 hogs shy of the record large slaughter set last December in the week leading up to Christmas. The current flow of hogs is approaching the industry's capacity which could result in a hog price debacle not seen since 1998. Lean hog futures received the recent export sales data from the USDA positively with August volumes posting an 11% increase over year ago levels. All major markets were higher than year ago, but exports to Asia had the most significant impact with volume increases to South Korea, Japan and China all +20%. While export volumes to Mexico posted only a 5% increase, it was a significant improvement compared to recent months. Producers with no protection in the Dec – Mar timeframe should consider setting targets at \$8-\$10/ckg higher than current forward prices in an effort to gain greater cash flow certainty.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are finishing the week off with some strength. The push/pull keeping the soybean trade range bound has been between two prominent factors: 1) expectations of high production, and 2) robust demand. There are some in the trade suggesting US bean prices should actually be lower because of high yield expectations not to mention current weather that is next to ideal for harvesting, and an 8-14-day forecast showing lower than average precipitation. However, demand remains strong, preventing price pressure from significantly developing. The yield and disappearance estimates in next week's WASDE report will be closely watched.

US corn futures opened lower this morning. Like beans, US corn futures are finishing the week higher. Harvest pressure is keeping the upside in check with weather forecasts showing some decent weather ahead allowing harvest to clip along. However, some technical indicators are providing some rationale for a move higher and news such as talk that yield estimates are expected to come in lower than the previous USDA estimate are also seen as supportive. For now, average yield expectations are coming in at 173.5 bpa compared to last month's 174.4 bpa (range 169.5 to 175.2 bpa). The October WASDE report will be released on Wednesday, October, 12.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #5		91.16 105.33	91.04 96.70	95.04 102.80	107.21 110.56	115.57 116.77	120.52 132.63	141.71 156.89	153.42 162.62	157.14 163.57
Soymeal Wpg Del.	448	450	450	474	475	475				

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

Hams Marketing Services will be closed Monday, October 10 for Thanksgiving.
The HMO and Opening Price reports will likewise not be published.
Normal business resumes on Tuesday, October 11.