Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 12, 2016

For details call: (204)235-2237 or visit www.hamsmarketing.ca

h@ms MARKETING SERVICES

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

US Slaughter	
395,000	Tuesday
434,000	Tuesday (year ago)

Daily Prices	
W. Corn Belt	$46.81
National	$55.64
Iowa/S. MN.	$46.82
Signature 5	$122.18
HyLife	$130.29
TCP/Britco	$113.36
4-Mo. Sig5 Fwd	$104.57

***BoC Rate (Noon)** prev. day*
$1.3239 CAD / $0.7553 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 $12.72 US Avg.

Feeder Pigs $21.52 US Avg.

#1 Export Sows (+500lbs.) $24.00/cwt. (Tagged)

Forward contract prices opened higher this morning. *The US hog slaughter continues to be constrained by the damage caused by Hurricane Matthew with the world's largest hog slaughter facility sitting idle for its 5th consecutive day. Smithfield's Tar Heel, North Carolina facility which has a daily capacity of 32,500 hogs has been without electricity since the weekend. However, flooding would have prevented the plant from opening anyway as workers and hog deliveries have been constrained due to road closures. While the wholesale pork market is currently tight for fresh supplies due to the closure, it is temporary and the disruption to operations could further exacerbate the negative price impact of the hog supply/slaughter capacity situation in the coming weeks. Forward contract prices have strengthened over the last two weeks, with help from both lean hog futures market and a weaker Canadian Dollar. Producers without protection in early January should consider setting targets at $110/ckg to protect against a slow recovery from the cash market lows that are expected in December.*

Canadian delivered soymeal prices opened higher this morning. *All eyes will be on today's WASDE report which will be released at noon, Eastern time. The big focus will be on yields where pre-report estimates are coming in between 50.1 and 52.6 bpa. Because of the strong demand, there are thoughts that yield will have to surpass the upper end of estimates in order for new price pressure to materialize in the futures markets. The Crop Progress report was released yesterday showing 44% completed compared to 26% last week and at 47% average. These numbers were lower than market expectations. US soybean futures are trading higher before the release to the WASDE report as of this writing.*

US corn futures opened higher this morning. *US corn traders will closely be watching yield numbers in today's WASDE report as it is ultimately directly related to ending stocks estimates. Pre-report expectations range between 169.5 and 175.2 bpa, and between 2.181 and 2.662 billion bushels in ending stocks compared to 2.384 billion in last month's report. Generally, the consensus in the market is that US corn will see production volumes slightly lowered (but still relatively large) in today's report. Yesterday's Crop Progress report showed 35% complete compared to 24% last week and 35% on average at this time in the harvest season.*

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		93.03 103.72	92.91 98.58	99.77 107.54	111.96 115.31	119.85 121.04	124.79 136.54	144.94 160.08	156.62 165.81	160.50 166.94	164.55
Soymeal Wpg Del.	439	439	442	460	463	463					

h@ms 2016 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current, SK	Tuesday, Oct. 25 - 12:00 Noon	Days Inn - 905 North Service Road East
Saskatoon, SK	Wednesday, Oct. 26 - 12:00 Noon	Courtyard Marriott - 333 Aerogreen Crescent
Steinbach, MB	Friday, Oct. 28 - 12:00 Noon	Smitty's Family Restaurant - 145 Park Road
Lethbridge, AB	Thursday, Nov. 3 - 12:00 Noon	The Coast Hotel & Conference Centre - 526 Mayor Magrath Dr.
Starbuck, MB	Thursday, Nov. 10 - 2:00 PM	Starbuck Community Hall - 25 Main Street