



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 13, 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 held firm in yesterday's trade as the temporary closure of Smithfield's Tar Heel plant is leaving some in the wholesale trade short of supply. The result is a marginal, and likely short lived, improvement in pork and hog prices. Hog slaughter for this week is expected to be down more than 150,000 hogs from numbers anticipated before the closure, all of which will need to be made up in the coming weeks. While Smithfield Foods released a statement that they intend to have the facility operating today, it remains unclear whether this will happen considering the ongoing flooding and its ultimate impact on transportation and energy infrastructure. Lean hog futures have experienced a recovery of nearly \$3.00 USD/cwt from the lows put in last week. However, hog supply and how it matches with packer capacity, remains uncertain and prices are expected to be highly volatile for several weeks. Producers without protection in early January should consider pricing half of their intended production at \$110 CAD/pkg to mitigate some of their price risk.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. Markets rallied immediately following the WASDE report yesterday on news that bean yields, while historically higher, came within market expectations and a far cry from the 52+ bpa that was considered needed to see new price pressure develop. All supply and demand markers were raised with the end result showing an estimated 395 million bu. for the new crop (up from 365 million last month) which is a decent amount, but the third lowest in the past three years for the October report. Yield came in at 51.4 bpa (50.1-52.5 range), up from 50.6 bpa last month.

US corn futures opened higher this morning. US corn futures are trading range-bound following yesterday's WASDE report which was considered to be neutral for the trade. Ending stocks were lowered (normally a bullish signal) but considering that the number is actually the highest on record, it will take some demand developments to shake the bearish tone. New crop ending stocks are now at 2.320 billion bu. As expected, yield estimates were lowered to 173.4 bpa from 174.4 bpa last month, but the market will still be dealing with 15+ billion bu. in overall production on large acreage representing a new record amid a period of lacklustre demand.

US Slaughter	
396,000	Wednesday
429,000	Wednesday (year ago)

Daily Prices	
W. Corn Belt	\$47.22
National	\$55.52
Iowa/S. MN.	\$47.26
Signature 5	\$122.88
HyLife	\$129.37
TCP/Britco	\$114.76
4-Mo. Sig5 Fwd	\$105.85

BoC Rate (Noon) prev. day
\$1.3277 CAD / \$0.7532 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)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		95.18 105.85	95.06 100.71	100.45 108.20	112.61 115.95	120.17 121.37	125.11 137.25	145.72 160.88	157.42 166.61	160.37 166.81	164.71
Soymeal Wpg Del.	433	433	436	455	458	458					

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.

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