h@ms MARKETING SERVICES

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 17, 2016

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

Hog Prices: ↓ ***Soymeal:*** ↓

Corn: ↓ **CDN Dollar:** ↑

US Slaughter	
2.304 mil.	Last Week
2.319 mil.	Last Week (year ago)

Daily Prices	
W. Corn Belt	$47.23
National	$54.99
Iowa/S. MN.	$47.27
Signature 5	$121.26
HyLife	$127.93
TCP/Britco	$113.84
4-Mo. Sig5 Fwd	$101.77

BoC Rate (Noon) *prev. day*
$1.3268 CAD / $0.7594 USD

Cash Prices Week Ending October 15, 2016	
Signature 3	114.29/51.84
Signature 4	130.49/59.19
Signature 5	122.39/55.52
h@ms Cash	120.89/54.84
HyLife	129.15/58.58
TCP/Britco	113.60/51.53

ISO Weans $13.30 US Avg.

Feeder Pigs $22.11 US Avg.

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

Forward contract prices opened lower this morning. *US cash markets are expected to trade lower this week as this week's market-ready hog supply is estimated to surpass 2.5 million hogs. Last week's weather-related shutdown of some plants on the US east coast meant hog slaughter for that week was down about 150,000 hogs from what it would have been otherwise. The delayed availability of these animals will likely reveal the industry's one-week slaughter capacity and add extra pork to the market due to heavier carcass weights. Recent weekly export data does not suggest that the market will clear the huge supply easily as evidenced by recent information suggesting export volumes were down about 4% from recent weeks. Lean hog futures are expected to see significant price swings as a result of the cash market uncertainty (and a bias to a lowering trend), due to the packer capacity constraints that have plagued the market in recent weeks. Producers should consider any price strength in January – February forward prices as an opportunity to mitigate some of their price risk within this time frame.*

Canadian delivered soymeal prices opened lower this morning. *A Chinese delegation was in Des Moines last week signing what is considered to be largely ceremonial purchase contracts amounting to over 5 MMT. The contracts are considered framing documents meaning the volume could change. However, the event essentially guarantees that the purchases will be made and there is talk these volumes will show up in USDA reports soon, confirming ongoing demand for US beans. There is some dryness in Argentina but the planting pace appears to be moving along with no real issues at this point. Crop progress numbers will be released tomorrow along with expectations that the harvest will be between 60 and 62%.*

US corn futures opened lower this morning*. Short covering activity leant some early morning support as some of the large funds exited short positions. However, within a relatively short period of time, the trade turned around and is lower as of this writing. Factors weighing on US corn futures include a massive new crop ending stocks number (over 2.3 billion bu.), a favourable weather forecast for the 'second half' of the US harvest, decent planting pace in S. America, and a less than stellar demand record until very recently. Tomorrow's crop progress report will provide the trade with some interim direction although no major market moving news is expected.*

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		87.50 92.36	87.38 93.00	97.05 104.74	109.12 112.44	117.77 118.95	122.67 134.33	143.41 158.42	154.99 164.09	158.88 165.26	161.12 162.07
Soymeal Wpg Del.	435	435	437	456	459	459					

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