



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 18, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets started the week steady despite packers having all the supplies needed to meet their expanded schedule. East Coast operations have resumed after the flooding caused by Hurricane Matthew had several plants not operating for most of last week. However, it is expected that the resulting delayed marketings could result in a weekly slaughter of nearly 2.5 million hogs which is expected to further pressure on both cash hog and wholesale pork prices. Lean Hog futures were under pressure in yesterday's trade, as the burdensome hog supply is the primary factor behind the December and February contracts dropping to within \$1.00/cwt of contract lows. Recent week's US pork exports have fallen below the past month's trend, adding to the bearish tone.

Canadian delivered soymeal prices opened higher this morning. Some private sector analysts are suggesting that the current bean trade is overvalued despite ongoing reports of robust demand. However, the market has yet to concur with this assessment in any substantive way and events like the recent agreement with a Chinese delegation in Des Moines to purchase 5+ MMT of beans currently overshadows large production volumes that are ultimately expected. Yesterday's Crop Progress report showed 62% harvested compared to 73% last year and a 63% average. Pre-report estimates were coming in between 60% and 62%.

US corn futures opened lower this morning. Yesterday's Crop Progress report showed harvest at 46% compared to 54% last year and 49% on average; the market was expecting between 44% and 48% to be harvested at this time. The weather in the short term is not considered a threat north of the equator, but the earliest stages of weather speculation in S. America are starting to make some rounds. While it is very early in the season, there are some in the trade suggesting that La Nina influenced dryness could impact growing conditions in some S. American growing regions. Despite the speculative tone, this news seems to be the only bullish fundamental development for corn futures seen in some time.

US Slaughter	
441,000	Monday
406,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$47.13
National	\$54.65
Iowa/S. MN.	\$47.00
Signature 5	\$120.47
HyLife	\$126.65
TCP/Britco	\$112.93
4-Mo. Sig5 Fwd	\$ 98.38
BoC Rate (Noon) prev. day \$1.3138 CAD / \$0.7611 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.)	\$23.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		88.00 92.85	87.88 93.49	91.88 98.96	104.40 109.95	113.14 117.39	121.09 132.49	140.61 155.55	152.14 161.20	156.30 162.68	158.47 159.41
Soymeal Wpg Del.	439	439	442	461	464	464					

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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