



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 19, 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 traded lower yesterday, as packers are filling their shackles easily, without having to compete for the hogs. Last week's plant closures on the East Coast are expected to take a couple of weeks to catch up on the lost hours, with some animals likely being moved to the Midwest. As a result, this week's slaughter is expected to come in near 2.48 million hogs and likely one of the largest weekly kills in recent history. Traders of Lean Hog futures took prices for the nearby contracts down to contract lows in trade yesterday. The market is still factoring in the possibility of the hog supply exceeding packer capacity which would have a severely negative impact on cash prices. If cash prices stabilize at current levels over the next 2 weeks, market sentiment may shift and start to support forward prices in the December – February timeframe.

Canadian delivered soymeal prices opened lower this morning. The US soybean futures market continues to trade near the mid-to-low level of the trading range, but some private analysts think that there is a bit of room to move lower. Preventing a move lower has been the ongoing attention to demand which has some merit considering that new crop ending stocks are 'only' 395 million bu., well under the 500+ million bu. earlier. Final yields will be closely watched as the second half of harvest season wraps up, but there are thoughts that the largest of the official yield estimates are now behind us suggesting that the US could be looking at new crop ending stocks coming in under the 400 million bu. mark. That is still leaves a good cushion, but it's not enough to introduce new pressure at this time.

US corn futures opened lower this morning. Unlike beans, US corn futures continue to close at the upper end of a range bound trade that developed in mid-July. While corn futures remain historically low, they are poised for a move higher and the market appears to be waiting for clues for a break. Preventing this is the fundamental picture which suggests large production volumes are expected, now with the USDA estimating over 2.3 billion bushels in ending stocks. Barring any unforeseen weather or other market shock, pressure is expected to keep US corn futures range bound for now. However, a combination of short covering and some bad weather news from S. America could be enough rationale for the market to make a move higher.

US Slaughter	
440,000	Monday
399,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$46.31
National	\$55.36
Iowa/S. MN.	\$46.36
Signature 5	\$120.00
HyLife	\$128.01
TCP/Britco	\$111.11
4-Mo. Sig5 Fwd	\$ 96.60
BoC Rate (Noon) prev. day \$1.3104 CAD / \$.7631 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		86.09 90.91	85.97 91.54	90.45 97.50	102.91 108.43	110.71 114.94	118.63 130.61	137.48 152.42	149.01 158.07	153.16 159.53	156.58 157.53
Soymeal Wpg Del.	433	433	436	455	457	457					

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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