



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 20, 2016

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

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

US Slaughter	
441,000	Wednesday
418,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$46.25
National	\$55.19
Iowa/S. MN.	\$46.24
Signature 5	\$119.76
HyLife	\$127.28
TCP/Britco	\$110.84
4-Mo. Sig5 Fwd	\$ 98.79
BoC Rate (Noon) prev. day \$1.3107 CAD / \$0.7630 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)

Forward contract prices opened higher this morning. US cash markets were only marginally lower in trade yesterday as packers are content to run their plants at full capacity during the week. Hogs that were backed up from last week's plant closures on the US East Coast could be moving to western plants in order to help clean up the backlog of hogs this weekend. Wholesale pork prices came under pressure in yesterday's trade, with all but hams and bellies moving lower. Meat traders anticipate further weakness in the pork primals at the wholesale level due to the expectation of record large slaughter in the coming weeks. However, consumers are unlikely to see retail prices come down significantly as stores will wait for larger price concessions before they pass on any of the savings. This leaves the export market as the primary channel for moving the excess supply, but foreign buyers will need to large concessions in order to change their current pork suppliers. The Canadian dollar dropped sharply yesterday with the market responding to the Bank of Canada signaling it may still consider interest rate cuts to spur growth.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher following the idea that strong export sales will be maintained in today's USDA report; pre-report estimates are between 1.0 and 1.3 MMT. However, there is talk that there are a lot of beans in the supply pipeline as harvest continues, followed by ideas that large volumes will pressure cash markets in the short term. Longer term, the Chinese five-year plan to modernize its agriculture sector includes plans to increase bean acreage by 2020 and all grains to exceed 550 MMT in production by that time. In the meantime, some movement in the market is expected to follow the November option expiration on Friday.

US corn futures opened lower this morning. Pressure on the corn futures trade this morning follows yesterday's strength that has been attributed to stronger energy markets and good production numbers from the ethanol sector. As well, there are rumors that China will start to subsidize corn processors and halt state corn auctions for a time in order to boost consumption levels and incent new corn purchases, prompting a boost to the Chinese market by 2% yesterday. The five-year plan also suggested corn acres will be reduced by 0.7% annually until 2020. In any event, there is still a lot of corn coming to the marketplace soon, keeping the upside in check.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		87.57 92.45	87.45 93.10	91.37 98.51	103.98 109.58	112.25 116.53	120.27 132.07	139.32 154.42	150.97 160.12	154.40 160.81	157.18 158.12
Soymeal Wpg Del.	443	443	446	465	467	467					

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