



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 21, 2016

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

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

US Slaughter	
441,000	Thursday
436,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$45.90
National	\$55.28
Iowa/S. MN.	\$45.90
Signature 5	\$120.27
HyLife	\$127.52
TCP/Britco	\$110.79
4-Mo. Sig5 Fwd	\$101.18
BoC Rate (Noon) prev. day \$1.3198 CAD / \$0.7577 USD	
Cash Prices Week Ending October 22, 2016	
Signature 3	112.18/50.88
Signature 4	128.53/58.30
Signature 5	120.35/54.59
h@ms Cash	118.85/53.91
HyLife	n/a
TCP/Britco	114.10/51.76
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 slightly lower in yesterday's trade even as US packers are expected to have a large Saturday slaughter that could result in one of the largest weekly kills ever seen. Wholesale pork prices have trended lower over the last few weeks, but they have not seen heavy influence from the abundant hog supply which implies that packers have been able to clear the market of inventory. Last week's pork export sales report showed better volumes than recent weeks, which is required to move the extra volume of pork being produced. Following the contract lows put in yesterday, evidence of an improvement in foreign pork sales is contributing to a rally in lean hog futures this morning. Producers that are looking to hedge a portion of their December production to protect against the possibility of packing capacity constraints should view today as an opportunity to get that protection. Forward contract prices have strengthened by more than \$4.00/kg as a result of this recent rally in the December lean hog futures contract and a sharply lower Canadian Dollar.

Canadian delivered soymeal prices opened higher this morning. Factors contributing to the strength in the bean trade this morning include the ongoing demand for US beans evinced by Thursday's USDA numbers which showed over 2.0 MMT in export sales last week compared to the market expectation of 1.0-1.3 MMT. November options for beans expire today as well and there are some analysts suggesting that technical factors associated with the expiration will lend support to today's trade. A private analytics firm has suggested even more beans may be on the way in 2017 due to increased acreage estimates, but the news will likely have little impact due to the amount of time (and weather) between now and when that crop will be harvested.

US corn futures opened higher this morning. US corn futures are ending the week on an upward trend. Most of the news has a bearish tilt to it, but there are a couple factors contributing to strength further out as well as some technical rationale for a move higher in the nearby trade. Regarding the mid-term, there are preliminary thoughts that a La Nina event could bring drier weather to S. America for Q1 2017. Further out, news that China's five-year agricultural plan will cut corn acres by 0.7% annually to 2020 is also supportive. However, both events require a lot of time to transpire before the full impacts are realized. In the meantime, various DDG suspensions and bans, cheap wheat, and a lot of US corn in the marketplace will likely keep the upside in check.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		90.75 95.68	90.63 96.32	93.21 100.42	105.94 111.58	113.98 118.30	122.07 134.05	142.02 157.25	153.77 163.01	157.54 164.01	160.54 161.50
Soymeal Wpg Del.	448	448	450	470	472	472					

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