



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 24, 2016

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

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

US Slaughter	
2.514 mil.	Last Week
2.322 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$45.67
National	\$54.91
Iowa/S. MN.	\$45.76
Signature 5	\$119.20
HyLife	\$127.55
TCP/Britco	\$111.51
4-Mo. Sig5 Fwd	\$106.95
<b>BoC Rate (Noon) prev. day</b> \$1.3324 CAD / \$0.7505 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	127.40/57.79
TCP/Britco	114.10/51.76
ISO Weans	\$16.04 US Avg.
Feeder Pigs	\$23.46 US Avg.
#1 Export Sows (+500lbs.)	\$23.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets are expected to trade lower this week following last week's huge slaughter that was estimated by the USDA at 2.514 million hogs. If they are accurate with their estimate, last week's slaughter would break a record for the most hogs processed in a week, and would increase the industry's estimated maximum capacity by about 15,000 hogs. At least a portion of the large slaughter can be attributed to hogs that were not marketed two weeks ago due to flooding caused by Hurricane Matthew. Last week, the USDA reported the latest inventory of pork in cold storage which represented pork stocks on hand on September 30, 2016. The report showed supplies were 2% lower than at the same time last year despite hog slaughter climbing +4% for that month. Lean hog futures and the Canadian Dollar are providing a good hedging opportunity for those producers looking to cover more of their downside risk, which could be significant, given the huge hog supply that is expected over the next two months. Forward prices in the most vulnerable weeks in December are currently being offered at \$15 - \$20/kg lower than current cash prices.

**Canadian delivered soymeal prices opened higher this morning.** The US soybean trade has started the week with some strength, largely on demand indicators and talk that some of the large funds have been taking long positions ahead of perceived tightness in supply. However, there is also talk the USDA has already accounted for the robust demand in its estimates. For the first time, talk is surfacing that yield estimates could be raised in the November WASDE report that will be released three weeks from now. However, that leaves a lot of time for speculation and end users can likely expect the market to trade at or near the upper end of the trading range in the interim.

**US corn futures opened lower this morning.** Pressure in the corn market can be attributed to a variety of factors on both fundamental and technical grounds. While harvest in some regions has been slowed due to less than ideal weather (Iowa only at 33% complete last week), there are expectations the national average will come in near 60% for today's Crop Progress report. The idea is that if the crop can get off the field in time, there will be over 15 billion bu. in production and 2.3 billion bu. in ending stocks (i.e. a lot of corn). Nevertheless, the market is less oversold than at first thought meaning there is a chance for a move lower on technical grounds as well.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			93.48 99.19	95.99 103.20	108.74 114.39	116.63 120.96	124.73 136.64	144.73 159.98	156.50 165.75	161.23 167.71	155.40 165.07
Soymeal Wpg Del.	449	449	452	472	473	473					

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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