



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 25, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
443,000	Monday
436,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$45.83
National	\$54.08
Iowa/S. MN.	\$45.82
Signature 5	\$120.49
HyLife	\$126.82
TCP/Britco	\$112.19
4-Mo. Sig5 Fwd	\$108.02
BoC Rate (Noon) prev. day \$1.3388 CAD / \$0.7469 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.)	\$20.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets are expected to trade near steady relative to last week's bids as packers benefit from excellent operating margins and are operating their plants at, or very near, capacity. With last week's hog slaughter estimated by the USDA at a record large 2.514 million hogs, traders and analysts adjusted their forecasts to reflect a slightly larger maximum slaughter capacity. Last week's Cold Storage report revealed that as of September 30, pork was still moving out of freezers despite a 4% increase in slaughter. Lean hog futures have recovered from the lows that were put in last week and traders are more optimistic that the trade will continue to manage the heavy supplies of hogs well. However, we still have 2 months of the most abundant hog supply that the industry has ever seen, and along with this comes uncertainty regarding how the market will behave. Given the market uncertainty, producers should view any further gains to the December forward contract as an opportunity to cover some more of their market risk.

**Canadian delivered soymeal prices opened even this morning.** US soybean futures are trading higher again (for the 6<sup>th</sup> consecutive session), but there is talk that the upside may be limited in the near term. There are some rumors surfacing that China has sourced S. American beans for November delivery and if this is true, it could initiate a cooling off period for the US bean trade. As well, there is talk that planting is progressing well and as soon as the beans are in the ground, the market will be subjected to speculative yield estimates and weather outlooks south of the Equator. In the meantime, Canadian end users of meal are burdened with the additional weight of a low Canadian dollar trading below 75 cents.

**US corn futures opened higher this morning.** Analysis in the ag press has gone from 'less oversold' to 'not oversold as first thought' suggesting that the market should brace for some further downside. However, US corn futures this morning are trading higher with no apparent rationale for the move except for some residual strength in other commodities. In fact, export inspections were very low coming in near 244,000 MT compared to an expected range between 435,000 and 600,000; and although China is not a huge US corn customer, the oversupply situation in the country currently is seen as a source of pressure in a global context.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			95.04 100.75	97.04 104.26	109.79 115.44	117.25 121.58	125.35 137.23	145.27 160.52	157.04 166.28	162.66 169.16	156.62 166.32
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
<b>Swift Current, SK</b>	Tuesday, Oct. 25 - 12:00 Noon	<b>TODAY!</b> Days Inn - 905 North Service Road East <b>TODAY!</b>
<b>Saskatoon, SK</b>	Wednesday, Oct. 26 - 12:00 Noon	Courtyard Marriott - 333 Aerogreen Crescent
<b>Steinbach, MB</b>	Friday, Oct. 28 - 12:00 Noon	Smitty's Family Restaurant - 145 Park Road
<b>Lethbridge, AB</b>	Thursday, Nov. 3 - 12:00 Noon	The Coast Hotel & Conference Centre - 526 Mayor Magrath Dr.
<b>Starbuck, MB</b>	Thursday, Nov. 10 - 2:00 PM	Starbuck Community Hall - 25 Main Street