



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 26, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
442,000	Tuesday
426,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$45.64
National	\$54.55
Iowa/S. MN.	\$45.72
Signature 5	\$120.33
HyLife	\$128.54
TCP/Britco	\$111.50
4-Mo. Sig5 Fwd	\$108.80
BoC Rate (Noon) prev. day \$1.3334 CAD / \$0.7500 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 mostly higher this morning. US cash markets are trading near-steady to higher this morning as excellent operating margins provide strong incentives for packers to utilize their plant's full capacity. The weekly US hog slaughter is anticipated to come in near 2.5 million hogs again this week, similar to last week's record large 2.514 million. The pork carcass cut-out has not seen any significant weakness reflecting the heavy pork supplies, which indicates that pork sales volumes, on either domestic or export fronts, have improved. Despite trading lower this morning, the nearby lean hog futures contracts have gained about 10% in value over the last week, providing a better hedging opportunity for the December to February timeframe. Producers looking to hedge some of the price risk associated with the event of hog supply exceeding slaughter capacity should view current forward prices as reasonable given the downside potential.

Canadian delivered soymeal prices opened higher this morning. Analysts are still calling for a cooling off in the soybean trade that has so far yet to materialize. US soybean futures are trading higher this morning despite a fundamental picture that is generally hinting at more supplies (and competition) in the near to mid term. Good planting progress in Brazil is being aided by timely, soil moisture replenishing rain. There are also thoughts that Chinese customers could turn toward S. America for product (following the recent strength in the US) due to a potential S. American price advantage soon. There is also talk that WASDE report numbers will reflect an adjustment upward of yield estimates, but any of these factors have yet to develop into market pressure today.

US corn futures opened higher this morning. US corn could get a further boost as early as December as there is talk that livestock producers in Brazil could be short on corn between December and February. Brazil is still recovering from aggressive export sales last year that left the country's livestock sector scrambling for supply; currently, there is word surfacing that S. American supplies are among lowest levels for this time of year. US corn harvest progress is at 61% compared to the 62% average and it could be delayed this week due to some rain systems moving around the regions, although the weekend is expected to be drier.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			94.46 100.16	98.17 105.39	110.92 116.57	118.85 123.18	126.95 138.99	147.02 162.28	158.80 168.05	163.93 170.41	157.79 167.46
Soymeal Wpg Del.	456	456	459	479	480	480					

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
Saskatoon, SK	Wednesday, Oct. 26 - 12:00 Noon	TODAY - Courtyard Marriott - 333 Aerogreen Crescent - TODAY
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