



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 27, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
424,000	Wednesday
430,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$45.05
National	\$54.41
Iowa/S. MN.	\$45.06
Signature 5	\$119.68
HyLife	\$127.69
TCP/Britco	\$110.10
4-Mo. Sig5 Fwd	\$112.02
BoC Rate (Noon) prev. day \$1.3360 CAD / \$0.7485 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 were lower in yesterday's trade with all regions reporting packer bids at \$0.50 - \$0.70 USD/cwt lower than Tuesday's market. The USDA estimated yesterday's slaughter at 424,000 hogs, about 17,000 hogs short of recent weekday kills, suggesting a plant was not operational. If today's slaughter is not close to 441,000, animals are likely getting backed up in the country, which could lead to further weakness in cash bids if packers can find all the supplies they need for their weekend operations. December and February lean hog futures stalled in their higher trend of the last week with both contracts losing value in yesterday's trade. The December contract appreciated by 10% over the last 10 days as traders have grown more comfortable with the forecasted hog supply. However, there is still some risk of a cash price collapse in the event that the hog supply exceeds packer capacity in consecutive weeks. Producers looking for added price protection should view any upswing in the early January forward contract prices as an opportunity to mitigate cash market price risk.

Canadian delivered soymeal prices opened higher this morning. Following eight sessions of gains, US soybean futures are trading lower this morning. The duration of the cooling off period remains to be seen as there is talk the funds have been recently active in moving focus from low yielding equities into agricultural commodities (an idea promoted in explaining yesterday's strength) as well as thoughts that other investors will remain active participants in commodity markets related to China and Southeast Asia in general. In sum, strong demand outlooks and speculative buying has offset normally 'bearish' crop prospects where it is widely held that the USDA will raise the US yield estimate in a little under two weeks.

US corn futures opened lower this morning. US corn futures followed the bean trade higher yesterday, but not because of the funds...yet. The funds in corn are actually holding a large short position currently and there is talk that a bullish spark could initiate some more strength soon. That bullish spark has yet to develop. However, there are a few market participants keeping a close eye on the Brazilian livestock feed situation as well as the weather in S. America for some direction. There is talk that La Nina influenced dryness could initiate a turnaround as well as thoughts US corn will be in higher demand from Brazil between December and February.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			98.45 104.17	101.55 108.79	114.33 120.00	120.97 125.31	129.10 140.91	148.54 163.82	160.33 169.60	164.40 170.88	158.03 167.71
Soymeal Wpg Del.	467	467	467	486	487	487					

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
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