



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 28, 2016

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

www.hamsmarketing.ca

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

US Slaughter	
406,000	Thursday
433,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$45.08
National	\$54.76
Iowa/S. MN.	\$45.19
Signature 5	\$110.61
HyLife	\$128.75
TCP/Britco	\$110.63
4-Mo. Sig5 Fwd	\$112.02
BoC Rate (Noon) prev. day \$1.3386 CAD / \$0.7470 USD	
Cash Prices Week Ending October 29, 2016	
Signature 3	111.30/50.49
Signature 4	129.32/58.66
Signature 5	120.31/54.57
h@ms Cash	118.81/53.89
HyLife	n/a
TCP/Britco	111.40/50.53
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. Cash markets are under pressure to finish this week as Smithfield's Tar Heel plant shut down its slaughter operations temporarily. Reports suggest 90,000 hogs may be delayed into next week, adding to the backlog that was left after hurricane Matthew and the subsequent flooding that followed. Before the shut-down, US hog slaughter was expected to come in near 2.5 million head, the second largest on record and near the estimate of US federally inspected (FI) capacity. In spite of the bearish cash market news, nearby lean hog futures gained more than \$2.00 USD/cwt. over the last two days. The gains stem from supportive technical indicators and an improved cash market trend experienced earlier in the week. Forward contract prices have improved to the highest level in more than a month and are providing another hedging opportunity for those producers looking for protection in December timeframe.

Canadian delivered soymeal prices opened higher this morning. Despite the brief opening lower yesterday, fund buying continued throughout the session and provided support as the trade progressed. The recent fund activity has been cited as rationale for the counter-seasonal support witnessed currently. However, many in the trade are also suggesting that at some point, localized cash market pressure and large production volumes will ultimately influence a move lower. Meanwhile, Canadian end users are currently at a double-disadvantage as the Canadian Dollar trades below 75 cents USD. Considered in isolation, the 'dollar factor' has added approximately 3.6% (or ~\$19 CAD/MT) to the price of meal compared to last year when the dollar was trading above 77 cents USD.

US corn futures opened lower this morning. Technical conditions and residual fund activity provided support for the US corn futures trade yesterday, but has since turned lower to finish off the week. While not as prominent as in the bean trade, US corn futures were also subject to some fund buying as investors moved from poorer performing equities into agricultural commodities. However, poor export data pressured later in the session and the pressure has continued into this morning's trade. Sales came in at 799,000 MT compared to the 900,000-1,200,000 MT expected by the market.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			100.01 105.73	103.61 110.84	116.38 122.04	123.49 127.83	131.61 143.59	150.82 166.10	162.61 171.52	167.02 173.52	160.88 170.58
Soymeal Wpg Del.	469	469	469	488	489	489					

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h@ms 2016 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Steinbach, MB	Friday, Oct. 28 - 12:00 Noon	TODAY Smitty's Family Restaurant - 145 Park Road TODAY
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