



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 31, 2016

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets are expected to trade lower this week in a pattern that is consistent with the trend seen over the last several weeks. Last week, Smithfield's Tar Heel facility was not fully operating for 3 days, which means that close to 100,000 hogs were delayed from being slaughtered. It is estimated that the same plant was already behind in its slaughter schedule due to the impacts of Hurricane Matthew that led to flooding and a temporary plant closure of 5 days. A sharp jump in carcass weights from 210 to 213 lbs per hog this past week substantiates the belief that the industry is falling behind the available supply. December lean hog futures rallied nearly \$5.00/cwt in trade last week and are starting this week with a steady trend. Producers looking for added price protection in the Dec-Feb timeframe should view current forward prices as good value given the possibility of a collapse in prices due to burdensome supplies. Should cash markets start to see larger losses as a result of packers falling behind, the December futures will likely come under heavy selling pressure.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower this morning amid talk that the development could indicate the start of a corrective action. Soybean exports have been remarkable, so much so, that they have been cited as contributing to a significant amount of US economic growth in the third quarter; as well, support for the trade has been recently boosted by fund buying. However, there is some concern that the current support is evidence some in the trade have underestimated the large supplies that are thought to be on the way and could be followed by a sell-off once the upper end of the trading range is believed to be reached and demand subsides.

US corn futures opened lower this morning. Expectations of large crops coming from South America and thoughts that the current trade overbought side are pressuring factors this morning. While there have been concerns of excessive moisture in some S. American planting regions, there is also talk that discussions of negative impacts associated with weather are a bit on the early side in this growing season. As well, it is estimated that corn output from the region will be up over 25 MMT (roughly 900 million bushels) compared to 2016. Of course, the large production estimates assume normal weather patterns and is furthermore 'mute' on logistics problems. However, we do know that large crops make it to market eventually.

US Slaughter	
2.401 mil.	Last Week
2.254 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$44.77
National	\$53.79
Iowa/S. MN.	\$44.87
Signature 5	\$118.82
HyLife	\$126.73
TCP/Britco	\$109.84
4-Mo. Sig5 Fwd	\$117.20
BoC Rate (Noon) prev. day \$1.3385 CAD / \$0.7471 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	127.71/57.93
TCP/Britco	111.40/50.53
ISO Weans	\$20.90 US Avg.
Feeder Pigs	\$23.44 US Avg.
#1 Export Sows (+500lbs.)	\$20.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5			102.61 108.34	106.82 114.06	119.62 125.29	126.98 131.32	135.11 146.92	152.70 168.00	164.51 173.78	168.86 175.32	162.41 172.12
Soymeal Wpg Del.	455	455	455	475	477	477					

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
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