



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 01, 2016

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

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

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

## Forward contract prices opened mostly lower this morning.

US cash markets were steady in yesterday's trade with indications that packers are operating at full capacity. Yesterday's USDA estimate of the daily slaughter was 461,000 hogs, of which, an estimated 20,000 hogs were actually killed on Sunday when the USDA does not report operations. With Smithfield's Tar Heel facility playing catch-up after last week's three-day temporary closure, this week's slaughter is expected to break the record set from two weeks ago and exceed 2.52 million hogs. So far, producers are still current with their marketings, in spite of the disruption in recent weeks, and with the national average carcass weight maintaining a steady trend of 210lbs. Lean hog futures are trading lower this morning after an uninterrupted run of seven days of gains in the nearby contract. Resistance to further gains will likely materialize at or near this level with some traders looking to the cash market for evidence of burdensome supplies that could send prices lower once again. Producers that have less than half of their Dec – Jan production hedged should consider adding price protection at current levels.

## Canadian delivered soymeal prices opened lower this morning.

US soybean futures are in an overbought condition indicating that the market may have found its top in the short term, at least, on technical grounds. Export inspections continue to be robust, but there are thoughts that the ongoing demand is finally priced in, observing the recent moves lower amid the strong export numbers. All eyes will be on the November WASDE report yield estimate that will be released on the 9<sup>th</sup>, but the general consensus is that yield will have to be somewhat higher than 53+ bpa in order for notable price pressure to materialize. Yesterday's Crop Progress report showed beans were 87% harvested compared to 76% last week and an 82% 10-year average.

**US corn futures opened lower this morning.** US corn futures continue to trade in a sideways, range-bound pattern, but there are thoughts more pressure could develop soon. The weather is so far largely cooperative in South America and the demand for US beans remains meagre at best. If a weather event doesn't materialize, there will likely be more corn competition in the market in the mid term. US corn yields were lowered in the October WASDE report (as expected) and the expectation for November's report is that yields will be relatively close to the 173.4 bpa currently on record. Yesterday's Crop Progress report showed harvest is at 75% completed, compared to 61% last week and a 10-year average of 68%.

US Slaughter	
460,000	Monday
433,000	Monday (year ago)
Daily Prices	
W. Corn Belt	\$44.89
National	\$53.54
Iowa/S. MN.	\$45.10
Signature 5	\$118.83
HyLife	\$126.13
TCP/Britco	\$110.55
4-Mo. Sig5 Fwd	\$116.61
<b>BoC Rate (Noon) prev. day</b> \$1.3403 CAD / \$0.7461 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)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		103.30 109.02	105.95 113.19	118.73 124.40	125.61 129.95	133.73 145.42	151.24 166.50	163.02 172.28	167.09 173.59	160.52 170.22
Soymeal Wpg Del.	452	452	472	474	474					

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## 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