



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 11, 2016

For details call: (204)235-2237 or visit www.hamsmarketing.ca

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

US Slaughter	
2.247 mil.	Last Week
2.293 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	\$46.72
National	\$55.66
Iowa/S. MN.	\$46.78
Signature 5	\$121.19
HyLife	\$129.41
TCP/Britco	\$113.82
4-Mo. Sig5 Fwd	\$103.45
BoC Rate (Noon) prev. day \$1.3304 CAD / \$0.7517 USD	
Cash Prices Week Ending October 8, 2016	
Signature 3	114.45/51.91
Signature 4	134.25/60.90
Signature 5	124.35/56.40
h@ms Cash	122.85/55.72
HyLife	132.47/60.09
TCP/Britco	120.00/54.43
ISO Weans	\$12.72 US Avg.
Feeder Pigs	\$21.52 US Avg.
#1 Export Sows (+500lbs.)	\$27.00/cwt. (Tagged)

Forward contract prices opened higher this morning. Heavy hog supplies continue to weigh on cash prices with packers easily meeting their expanded slaughter schedule. Some plants in North Carolina including Smithfield's Tar Heel facility were shut down over the weekend due to hurricane Matthew. Local hog operations were reportedly without power and this combined with early flooding delayed shipments. As a result, Monday's slaughter estimate was cut by about 50,000 hogs by the USDA which could impact prices by the end of the week if packers fall further behind. Anything that impacts the daily operations could have significant effects on cash prices paid by packers, particularly if hog supplies start to exceed the capacity to kill them. Lean hog futures are trading slightly higher this morning as traders believe that the \$10 USD/cwt discount that the December contract already holds to the cash markets is enough to account for the abundant supplies. However, the market is volatile amid uncertainty about the coming hog supply, and of the industry's ability to process all of them in a timely way.

Canadian delivered soybean prices opened lower this morning. US soybean futures are trading higher, chalked up to robust demand and some trading dynamics that could see some support even in the event of large WASDE ending stocks numbers in tomorrow's report. Yesterday was Columbus Day in the US which saw many government and some private organizations closed for the holiday. The CME Group was open for business, so the market has to wait an extra day before learning of the harvest progress numbers. Yield will be closely watched tomorrow and there are already private estimates higher than 52 bpa. However, in order for some substantial price pressure to materialize, official estimates will likely need to be at least that high as a starting point.

US corn futures opened lower this morning. US corn futures continue to search for some footing, struggling to shake off the bearish tone in the marketplace. Yield reports from the field are improving somewhat, but there is an idea that if yields are higher than even 171 bpa, the final result is simply a lot of corn in the market. The USDA's official yield is currently 174+ bpa, but there has been considerable talk that the number is much too high observing that reports from the field (up until recently) have come in less than that. The WASDE report will likely overshadow the Crop Progress report (both released tomorrow), but tomorrow could be an interesting day in the markets nonetheless.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		92.13 102.79	92.01 97.67	98.57 106.32	110.72 114.06	118.35 119.54	123.28 134.69	144.35 159.41	155.97 165.10	160.16 166.51	163.43
Soymeal Wpg Del.	435	435	438	457	460	460					

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h@ms 2016 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current, SK	Tuesday, Oct. 25 - 12:00 Noon	Days Inn - 905 North Service Road East
Saskatoon, SK	Wednesday, Oct. 26 - 12:00 Noon	Courtyard Marriott - 333 Aerogreen Crescent
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