



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, October 02, 2014

**Forward contract prices opened higher this morning.** US cash markets are holding steady at the highest levels seen in nearly 2 months, reflecting tight supplies and strong demand. Packer margins are estimated at close to \$30/hog, providing a strong incentive to fill slaughter schedules and build inventories. However, the market consensus is for a 12% decline in hog prices over the next two months as hog numbers recover from spring PEDv losses. The USDA Hogs and Pigs report pegged the lighter weight categories at a 1.5% deficit compared to year ago levels. When combined with the heavier carcass weights, pork production is expected to be consistently higher than year ago levels for the last two months of the year. Lean Hog futures continue to take their cues from the cash market, but the latest report on the spread of PEDv from the American Association of Swine Veterinarians (AASV) could be a trend changer. The last report showed 68 positive case accessions in the week ending September 13<sup>th</sup>, which was the highest in the previous 3 weeks. Should the number of cases grow to more than 80 for the following week, there would be market speculation about another 'hole' in marketings in the spring of 2015, and the possibility of a bullish market reaction.

US Slaughter	
424,000	Wednesday
434,000	Wednesday (year ago)
W. Corn Belt	\$108.24
National Price	\$108.12
Daily Sig 3	\$221.64
Daily Sig 4	\$214.38
Thunder Creek	\$222.10
4-Month Fwd.	\$179.22

**B of C Ex. Rate (Noon)**  
\$1.1171 CAD/ \$0.8951 USD

Cash Prices Week Ending September 26, 2014	
Signature 3	98.10/216.27
Signature 4	93.36/205.82
h@ms Cash	92.68/204.32
Hylife	93.04/205.11
Thunder Creek	95.44/210.40

ISO Weans \$62.86 US Avg.  
Feeder Pigs \$82.00 US Avg.  
#1 Export Sows (+500lbs)  
\$53.50 cwt. Tagged

## h@ms 2014 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current	Wed. Oct. 29 @ 10:00a	Days Inn - 905 North Service Road East
Saskatoon	Wed. Oct. 29 @ 5:00p	Sandman Hotel - 310 Circle Drive West
Headingley	Tues. Nov. 4 @ 2:00p	Headingley Community Centre - 5353 Portage Ave.
Steinbach	Fri. Nov. 7 @ 12:00 noon	Smitty's Restaurant - Clear Spring Mall
Starbuck	Thurs. Nov. 13 @ 2:00p	Starbuck Community Hall - 25 Main Street

**Canadian delivered soymeal prices opened lower this morning.** Contract lows have been reached in recent days prompting talk of an eminent bottom and making the market sensitive to any news that could be interpreted as bullish. Some support comes from disease and frost concerns, potential harvest delays due to weather and a S. American crop that still has a long way to go. However, these bull factors are all big 'ifs' and so far, reports of large yields and exceptional production have offset uncertainty.

## Canadian delivered corn prices opened lower this morning.

The general consensus is that the US will soon be awash in corn. In some areas, there have been reports of 250 bpa yields and the outlook is generally excellent for production estimates. However, there are some harvest delays that could provide interim support and create short term bounces. Sub \$3.00/bu. is widely talked about. There is no headway with China, but a reversal is needed on its corn and DDG ban to spur demand side.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		176.38 184.58	177.92 184.07	171.96 177.61	172.11 179.15	173.65 177.24	177.08 180.14	178.30 185.46	183.41 189.55	183.23 188.39
Maple Leaf Sig. #4		175.37 185.49	179.54 183.31	169.60 175.96	171.13 176.96	171.13 174.91	174.25 176.42	174.74 182.86	181.08 186.02	183.33 186.13
Soymeal Winnipeg Delivered	396	388	388	390	388	388				
Corn Wpg, Delivered	133	133	133							

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