



Hog Margin Outlook

Meeting Your Marketing Needs

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

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Hog Prices: ↓↑ Soymeal: ↑↓

Corn: ↔ CDN Dollar: ↔

Thursday, October 09, 2014

Forward contract prices opened mixed this morning. US packers continue to benefit from strong pork product values, incenting them to chase hogs and pad their cash bids. Loin and Ham values are trading within 10% of the record high prices experienced earlier this year, maintained by demand that has outpaced current supplies. Nearby Lean Hog futures are sharply higher this morning and the strong cash market fundamentals are the primary factor. The 'Large Speculator' category of the Commitment of Traders report shows resurgence in buying by the funds, and the largest net long position since the spring. Some support stems from the steep discount from cash prices that is built into the deferred month contracts, but traders remain hesitant to add value given ideas that hog supplies will return to more normal levels due to fewer PEDv losses experienced in the summer. The Canadian Dollar is trading just under US\$0.90, improving Canadian hog prices by close to \$10/ckg since July.

US Slaughter	
426,000	Wednesday
432,000	Wednesday (year ago)
W. Corn Belt	\$108.18
National Price	\$109.19
Daily Sig 3	\$221.73
Daily Sig 4	\$216.72
Thunder Creek	\$221.34
4-Month Fwd.	\$181.25

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 Com. 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

B of C Ex. Rate (Noon)
\$1.1182 CAD/ \$0.8942 USD

Canadian delivered soymeal prices opened mixed this morning. US soybeans are trading higher. The general view is that the recent bout of strength comes from traders covering short positions ahead of the WASDE report, released tomorrow after pit trading. In the short term, there are also some harvest delays and frost fears that are supportive. However, analysts' estimates ahead of the WASDE indicate another increase in yield (to over 47 bpa from 46.6) which is keeping the upside in check.

Cash Prices Week Ending October 04, 2014	
Signature 3	100.66/221.92
Signature 4	96.73/213.25
h@ms Cash	96.05/211.75
Hylife	96.16/211.99
Thunder Creek	98.97/218.20
ISO Weans	\$66.33 US Avg.
Feeder Pigs	\$84.94 US Avg.
#1 Export Sows (+500lbs)	\$53.00 cwt. Tagged

Canadian delivered corn prices opened even this morning. US corn futures are trading in a mixed and choppy pattern ahead of tomorrow's WASDE report. Like soybeans, technical short covering and harvest delays are supportive. However, the outlook for corn remains bearish as yields and production numbers are expected to be raised from September's WASDE report, and also on news from the United Nations suggestion that global stocks of coarse grains will be up 36 million tonnes to 257.4 million from 248.3, the highest since 1986/87.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		181.90 186.49	81.40 187.51	174.19 179.80	173.94 181.33	175.47 179.04	179.90 182.96	183.11 190.27	188.22 194.36	187.74 193.43
Maple Leaf Sig. #4		178.72 186.02	182.86 186.61	171.74 178.07	172.89 179.05	172.89 176.64	176.98 179.16	179.39 187.51	185.73 190.68	187.61 191.01
Soymeal Winnipeg Delivered	433	403	403	404	400	400				
Corn Wpg, Delivered	146	146	146							

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