



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Friday, October 17, 2014

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

Forward contract prices opened mixed this morning. US cash markets continued their sharp decline in yesterday's trade, with some regions reporting prices under the bench mark of \$100/cwt. Packers are keeping pace with the pork cut-out that has fallen more than 8% over the last week, driven largely by weaker ham, loin and belly prices. Wholesale pork buyers are pushing back against the high prices by reducing their bids, as expectations are that the pork supply that will recover to levels consistently higher than year ago levels within the month. Lean Hog futures have reacted to the negative cash market fundamentals with speculators selling out of their long positions as evidenced by the sharp drop in open interest, resulting in a 5% drop in nearby contracts this week. The market is recovering some of those losses this morning, with some traders viewing current prices as a buying opportunity after the collapse. Producers considering price protection should focus on the remainder of 2014, as the deferred month contracts are heavily discounted relative to the current cash market and the normal seasonal trend.

US Slaughter	
429,000	Thursday
432,000	Thursday (year ago)
W. Corn Belt	\$99.71
National Price	\$107.41
Daily Sig 3	\$205.91
Daily Sig 4	\$214.78
Thunder Creek	\$206.27
4-Month Fwd.	\$170.28

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)
\$1.1266 CAD/ \$0.8876 USD

Canadian delivered soymeal prices opened lower this morning. Recent short term support due in part to (still) tight supplies in the interior due to the later harvest is the trend despite an outlook that is widely considered bearish. Harvest is expected to pick up next week and Crop Progress on Monday afternoon will provide clues in the short term. Pressure comes from expectations of large US production and rain in Brazil although a drier than normal October in the country is further pressuring as planting delays materialize.

Cash Prices Week Ending October 17, 2014	
Signature 3	214.64/97.36
Signature 4	215.75/97.88
h@ms Cash	214.28/97.20
Hylife	n/a
Thunder Creek	220.60/100.06
ISO Weans	\$69.43 US Avg.
Feeder Pigs	\$87.17 US Avg.
#1 Export Sows (+500lbs)	\$58.00 cwt. Tagged

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Harvest weather for corn is looking to favour the bears next week and expectations of a ramped up harvest is also a pressuring force. Supply side news has not fundamentally changed (i.e. expectations of massive US production), but slow soy planting progress in Brazil is leading to rumors of acres being switched to corn, a bearish force. Support comes from talk that Mexico is poised to take delivery of a 1.5 million tonne order.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		170.96	170.44 176.62	164.30 169.99	165.37 171.54	166.92 170.54	171.57 174.68	175.47 182.73	180.65 186.88	179.49 185.20	173.82 176.93
Maple Leaf Sig. #4		168.74	172.93 176.71	162.80 169.22	162.25 170.22	165.25 169.06	169.55 171.76	172.63 180.87	179.06 184.08	179.24 183.67	174.76 175.76
Soymeal Winnipeg Delivered	435	435	435	430	422	422	422				
Corn Wpg, Delivered	153	153	153								

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