



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Monday, October 20, 2014

Hog Prices: ↓ Soymeal: ↓

Corn: ↔ CDN Dollar: ↓

Forward contract prices opened lower this morning. US cash markets are expected to remain under pressure this week, but packers may hold cash bids steady this morning to secure supplies for this week's kill. Last week, packers dropped their bids by about US \$8.00/cwt, following the lead of the pork cut-out, as packers tried to preserve their profitable operating margins. Hog numbers remain well under year ago levels, with last week's slaughter estimated 5% lower than the same week one year ago. Hog weights continue to make up some of the deficit in pork production from last year, but last week's carcass weights were only 2% larger than that of the same week one year ago, which represents the smallest year over year weight gain experienced in 2014. Lean Hog futures are expected to be supported by the huge discount that they hold to the current cash market this week, but the trend will depend on whether the funds continue their selloff of long positions that contributed to last week's weakness. The Canadian Dollar is trading lower this morning and near its lowest level in 2014, in part due to weak oil prices.

| US Slaughter | |
|----------------|----------------------|
| 2.180 mil. | Last Week |
| 2.136 mil. | Last Week (year ago) |
| W. Corn Belt | \$98.19 |
| National Price | \$106.28 |
| Daily Sig 3 | \$202.44 |
| Daily Sig 4 | \$212.18 |
| Thunder Creek | \$202.16 |
| 4-Month Fwd. | \$169.45 |

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) | |
|------------------------|--------------|
| \$1.1248 CAD/ | \$0.8890 USD |

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. The turnaround follows last week's supportive trend that was led by the funds closing out short positions, effectively resulting in a net positive in long positions. Wet, harvest-delaying weather was also supporting the nearby trade that is still facing tight supplies, especially in the interior. Increased confidence in commodities and expectations of further USDA revisions higher to yield estimates is adding pressure in early morning trade.

| 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 | 212.78/96.52 |
| Thunder Creek | 220.70/100.11 |

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. As with soybeans, the upward trend for most of last week was supported by speculators liquidating short positions, following from a general weakness in commodities. Modest rainfall forecast to begin Wednesday in the WCB is only expected to result in minor harvest disruptions this week. USDA's Crop Progress report will be released today at 4:00 PM, Central.

| | |
|--------------------------|---------------------|
| ISO Weans | \$69.10 US Avg. |
| Feeder Pigs | \$87.92 US Avg. |
| #1 Export Sows (+500lbs) | \$58.00 cwt. Tagged |

| Fixed Forward Range (at opening) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|----------------------------------|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 169.88 | 169.36 175.57 | 163.58 169.29 | 164.58 170.84 | 166.13 169.76 | 170.61 173.73 | 175.43 182.71 | 180.63 1186.87 | 179.55 185.26 | 173.32 176.43 |
| Maple Leaf Sig. #4 | | 167.71 | 171.92 175.73 | 162.12 168.55 | 164.49 169.56 | 164.49 168.31 | 168.64 170.85 | 172.60 180.85 | 179.04 184.07 | 179.30 173.73 | 174.27 175.28 |
| Soymeal Winnipeg Delivered | 434 | 434 | 434 | 428 | 419 | 419 | 419 | | | | |
| Corn Wpg, Delivered | 153 | 153 | 153 | | | | | | | | |

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

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