



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, October 22, 2014

**Forward contract prices opened higher this morning.** US packers pulled back further on their cash bids, as they try to keep pace with falling pork product prices. Weakness in wholesale pork prices was fairly uniform across most of the primal cuts yesterday, but ham values over the last two weeks have lost more than 25% of their value as domestic wholesalers and exporters balked at the prices, especially as supplies have grown more abundant. The cash market trend, in combination with the growing supplies, has contributed to the deep discount that the futures contracts are trading relative to the current cash market. With the record large discounts at which the futures are offered, and the possibility to see a second spike in PEDv cases (albeit a more modest one), no action is currently recommended for the nearby contracts. Longer term, there is evidence of a growing supply; new barn construction is taking place at a level not seen in years throughout the US Midwest, as producers see opportunity for profits following the recent improvements in pork demand and lower feed costs.

US Slaughter	
429,000	Tuesday
431,000	Tuesday (year ago)
W. Corn Belt	\$95.17
National Price	\$103.78
Daily Sig 3	\$195.71
Daily Sig 4	\$206.66
Thunder Creek	\$196.69
4-Month Fwd.	\$170.27

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)**  
\$1.1219 CAD/ \$.8913 USD

**Canadian delivered soymeal prices opened higher this morning.** Exceptional meal demand from both foreign and domestic customers is leading the support amid a behind-harvest new crop that has the added function of constraining tight supplies. Nearby contracts and the spot market are most affected but the deferred contracts are also showing support as Brazil faces challenges due to weather and soil conditions; only 10% is estimated planted in the Mato Grosso region compared the more normal 30-40% pace at this time of year.

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
ISO Weans	\$69.10 US Avg.
Feeder Pigs	\$87.92 US Avg.
#1 Export Sows (+500lbs)	\$63.50 cwt. Tagged

**Canadian delivered corn prices opened higher this morning.** Strength in the soybean trade has been supportive for corn but also like soybeans, a slower than normal harvest pace is also providing support. The good news for end-users and processors is that the recent market strength is not expected to be sustained when the harvest finally ramps up. There is talk that as much as 70% of the crop could be harvested in the next two weeks so long as the weather remains cooperative.

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		169.86	169.34 175.51	164.64 170.30	166.09 171.85	167.63 171.23	172.34 175.44	175.75 182.98	180.92 187.11	181.87 187.61	174.99 178.12
Maple Leaf Sig. #4		167.67	171.85 175.64	163.12 169.50	165.91 170.50	165.91 169.70	170.29 172.49	172.89 181.09	179.29 184.29	181.57 186.02	175.92 176.93
Soymeal Winnipeg Delivered	457	457	457	446	432	432	432				
Corn Wpg, Delivered	157	157	157								

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