



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, November 05, 2014

**Forward contract prices opened lower this morning.** US cash markets made modest gains yesterday, with packers willing to add money to their cash bids to fill out their weekday slaughter schedule. Daily slaughter numbers have largely returned to year ago levels, with the deficit in the weekly numbers generally showing up in the Saturday kill. After a week of firm wholesale pork prices, the pork cut-out dropped close to \$2.00/cwt yesterday, mostly due to an \$8.00/cwt drop in pork belly prices. Lean Hog futures and Canadian Dollar futures are trading slightly lower this morning, resulting in near steady forward prices from yesterday's close. While 2015 forward prices are trading at a discount to the current cash market and sharply lower than the cash prices experienced in 2014, current prices represent fair value when compared historically. The uncertainty in supply relating to herd expansion, PEDv losses and carcass weights all contribute to lower price expectations.

h@ms 2014 Fall Marketing Meeting Schedule		
Meeting	Date and Time	Location
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 higher this morning.** h@ms soymeal customers are reminded that loads must be ordered by Thursday of the previous week due to the current competition for shipping resources. Expectations for November WASDE numbers next week are generally bearish for the complex although accompanied with the usual caution for surprises. Pressure comes from thoughts of raised production on strong yields and a progressing, if not already completed, harvest. Support comes from quality issues, transportation problems and strong demand across the complex.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. As with soybeans, the USDA is expected to raise its yield and production estimates upward for the November WASDE report released on the 10<sup>th</sup>, but in pre-report news, a major analytics firm has lowered its forecast from 176.4 to 174.4bpa, only 0.2 bpa above the USDA's estimate for October. Pressure also comes from thoughts that the corn harvest is about to really pick up in the US and on news that S. American weather is cooperative.

US Slaughter	
432,000	Tuesday
434,000	Tuesday (year ago)
W. Corn Belt	\$85.57
National Price	\$88.70
Daily Sig 3	\$178.76
Daily Sig 4	\$179.44
Thunder Creek	\$178.49
4-Month Fwd.	\$172.79
<b>B of C Ex. Rate (Noon)</b> \$1.1397 CAD/ \$0.8774 USD	
<b>Cash Prices Week Ending October 31, 2014</b>	
Signature 3	179.63/81.48
Signature 4	189.30/85.87
h@ms Cash	187.80/85.19
Hylife	184.46/83.67
Thunder Creek	191.40/86.82
ISO Weans	\$67.34 US Avg.
Feeder Pigs	\$83.04 US Avg.
#1 Export Sows (+500lbs)	\$68.50 cwt. Tagged

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		168.40 174.69	167.76 173.55	169.82 175.13	171.40 175.08	176.03 179.20	181.83 189.22	187.11 193.44	185.40 191.19	175.12 182.49
Maple Leaf Sig. #4		171.10 174.95	166.22 172.74	169.65 173.76	169.65 173.52	173.94 176.19	178.84 187.22	185.38 190.48	185.04 189.53	176.31 181.21
Soymeal Winnipeg Delivered	513	516	500	500	500	500				
Corn Wpg, Delivered	163									

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