



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 02, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets lost value in trade yesterday, with packers easily meeting their planned production schedule. However, pork prices moved in the opposite direction and improved to their highest level in a month, with the pork cut-out gaining \$1.55/cwt to \$86.41/cwt. Packer margins have performed very well over the last 2 months, which is not uncommon for this time of the year. However, the consistency with which broad based primal pork prices have maintained better than a \$30/hog spread over carcass values is remarkable. Lean Hog futures were unable to maintain their firm trend established earlier this week, with losses of about \$2.00/cwt across the nearby contracts. The losses were likely triggered by traders reacting to overbought technical indicators, but the depth of losses was influenced by the selloff in beef prices over the last 3 weeks which have dropped more than 10%. Upside potential appears limited for the remainder of 2015, as hog slaughter is expected to increase to nearly 2.4 million hogs/week with slow export demand and competing meats providing additional bearish influences.

Canadian delivered soymeal prices opened lower this morning. Ongoing currency weakness in Brazil and US harvest activity has more than offset the exceptional export numbers that would normally be supportive. Net export sales came in at 2.5 MMT; the last time 2+ MMT of beans were sold was in October of last year. However, harvest activity is well underway and the trade is expecting about 30% of the crop to be harvested by next week. There are some private estimates suggesting yields could be lower ahead of next week's WASDE report than the current 47.1bpa USDA estimate; current new crop ending stocks range between 360 and 493 million bu. (450 million bu. current).

US corn futures opened higher this morning. Like soybeans, the US corn harvest is expected to come in at 30% complete for next week's Crop Progress report. US corn has been a bit behind as some recent wet weather has slowed harvest pace somewhat. However, there is talk that the crop is drying down quickly and it is expected harvest will ramp up. Adding to the pressure are expectations of slowing demand in part due to cheaper variants elsewhere, ongoing weakness in energy markets, and the continuing relative strength of the US dollar. Export sales are at 22.4% of estimates compared to a 39.8% 5-year average. The WASDE report will be released next Friday, October 9.

US Slaughter	
433,000	Thursday
425,000	Thursday (year ago)
W. Corn Belt	\$71.09
National Price	\$73.35
Daily Sig 3	\$172.55
Daily Sig 4	\$172.40
Thunder Creek	\$172.22
4-Month Fwd.	\$ 146.39
B of C Ex. Rate (Noon)	
\$1.3242 CAD / \$0.7552 USD	
Cash Prices Week Ending October 03, 2015	
Signature 3	172.49/78.24
Signature 4	172.22/78.12
h@ms Cash	170.99/77.56
Hylife	n/a
Thunder Creek	169.00/76.66
ISO Weans	\$31.32 US Avg.
Feeder Pigs	\$43.23 US Avg.
#1 Export Sows (Tagged)	\$42.50/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3	147.94	138.86 144.91	144.31 148.55	139.59 149.29	152.92 155.95	154.69 158.33	158.93 166.49	171.76 181.47	182.68 188.75	180.71 189.36
Maple Leaf Sig. #4	155.22	143.73 152.17	148.18 151.94	143.16 150.20	153.95 157.24	157.43 160.24	161.18 167.34	170.91 181.25	181.72 185.96	182.41 189.25
Soymeal Winnipeg Delivered	459	461	461	464	461	461				
Corn	Local delivered price available on request									

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.

Pre-register for Brandon Hog Days and save \$100!

Early Bird registration fee until Sept. 30 is \$350

Registration [links](http://www.hogdaysbrandon.ca) available at www.hogdaysbrandon.ca

Or phone Everlito at 204-346-6080

This year's event to be held on December 2, 2015

