



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 05, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened mixed this morning. US cash markets are expected to trade steady to lower to start this week, with packers having no difficulty meeting their production requirements last week. The weekly slaughter was estimated at 2.27 million hogs, approximately 9% higher than year ago levels with Saturday's slaughter coming in slightly smaller than expectations. Hog carcass weights have been on the rise with the Iowa/S. Minnesota region reporting a gain of 1 lb. over last week, but still 5 lbs. lighter than year ago levels. Lean Hog futures are starting this week with gains in all of the 2016 contracts, in large part due to firm cash market fundamentals. Over the weekend, negotiators came to an agreement on the Trans Pacific Partnership (TPP) which will benefit both Canadian and US hog producers by significantly lowering tariffs on pork sold to countries like Japan when the agreement is ratified. The Canadian Dollar gained more than 2 cents over the last week including this morning increase of 50 basis points, in part due to the TPP deal.

Canadian delivered soymeal prices opened lower this morning. Early support is likely a function of technical indicators and short covering ahead of the Friday's WASDE report. Generally speaking, fundamental data and private estimates ahead of the report are exhibiting a bearish bias while the drier than expected weather over the weekend has the trade anticipating a better than expected progress pace. Exports are lower by ~2.5 MMT compared to last year; yield expectations from private estimates are coming in between 46.9 and 47.2 bpa with the higher estimate above USDA expectations and the trade is expecting 30% of the harvest to be complete in this afternoon's Crop Progress Report.

US corn futures opened higher this morning. Like soybeans, US corn is seeing some support to start the week, but also like beans, market fundamentals remain bearish. Private estimates are coming in ahead of the USDA's WASDE report and most analysts are increasing their yield estimates. One unnamed source raised yields from September to 167 bpa (but still lower than the USDA's 167.5 bpa estimate), while another has increased estimates to 168.5 bpa. Crop progress is also expected to show gains with estimates of 30% harvested in this week's report (and potentially more) as the crop has dried down and there is talk of ramped up activity over the weekend.

US Slaughter	
2.270 mil.	Last Week
2.084 mil.	Last Week (year ago)
W. Corn Belt	\$71.07
National Price	\$73.60
Daily Sig 3	\$172.14
Daily Sig 4	\$172.63
Thunder Creek	\$171.92
4-Month Fwd.	\$ 146.42
B of C Ex. Rate (Noon)	
\$1.3214 CAD / \$.07568 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	171.42/77.76
Thunder Creek	169.00/76.66
ISO Weans	\$33.78 US Avg.
Feeder Pigs	\$46.00 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		138.00 144.00	143.40 147.60	139.95 149.56	153.16 156.17	154.56 158.16	159.17 165.77	171.29 180.89	182.09 188.09	179.37 188.69
Maple Leaf Sig. #4		142.82 151.18	147.23 150.95	143.43 150.41	154.13 157.39	157.23 160.02	160.95 166.57	170.40 180.63	181.09 185.28	181.03 188.53
Soymeal Winnipeg Delivered	449	453	453	455	452	452				
Corn	Local delivered price available on request									

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

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

Registration links available at www.hogdaysbrandon.ca

Or phone Everlito at 204-346-6080

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

