



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 06, 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 opened steady to start the week with hog supplies abundant for packers as reflected by yesterday's slaughter of 435,000 hogs. The annual event of 'National Pork Month' in the US typically provides a boost in pork demand with retailers choosing pork 'features' over beef and chicken. This has contributed to the support that the pork cut-out has experienced in the last few weeks and returned wholesale pork prices to their highest level since late August. Lean Hog futures have been cautious in factoring in the cash market support, as it is expected that lower beef prices may take a toll on pork values over the coming months. Yesterday's announcement of the completed Trans-Pacific Partnership agreement has had pork industry advocates almost unanimously supportive of the deal. Among the benefits would be the elimination of tariffs on pork into Vietnam over the next 9 years, while Japan would significantly reduce its protection levels through its complicated 'gate price system' allowing wider access to North American pork.

Canadian delivered soymeal prices opened higher this morning. Strong export demand and thoughts that beans will be increasingly more difficult to source once the harvest wraps up (on continued demand) is supportive this morning. Export inspections came in double of expectations at 1.12 MMT. As well there is talk that ABIOVE (the Brazilian oilseeds organization) has estimated soybean crop production at 97.8MMT, up 3 MMT year over year, but lower than some estimates that were in excess of 100 MMT. Crop progress came in double last week's pace at 42% (32% 5-yr avg.) with 64% in good/excellent condition (73% last year).

US corn futures opened higher this morning. While exports of corn did not prove to be supportive this morning – under 470,000 MT were reported compared to the average expectation of 800,000 MT – progress pace has provided some underlying support, coming in at 27% compared to the 30% market expectation. The market has been looking for any excuse to come off the recent lows supported by the technical indicators, and the slower export pace appears to have provided that spark, along with talk that although the drying down is progressing, there is still a lot of corn left in the field. 86% of the crop is mature compared to the 83% 5-year average.

US Slaughter	
435,000	Monday
427,000	Monday (year ago)
W. Corn Belt	\$71.34
National Price	\$73.97
Daily Sig 3	\$171.11
Daily Sig 4	\$171.80
Thunder Creek	\$171.01
4-Month Fwd.	\$ 146.17
B of C Ex. Rate (Noon)	
\$1.3085 CAD / \$.07642 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) \$52.50/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		137.14 143.14	142.54 146.74	140.25 149.85	153.45 156.45	155.42 159.02	159.62 166.76	172.09 181.68	182.88 188.88	180.58 189.48
Maple Leaf Sig. #4		141.99 150.35	146.40 150.12	143.72 150.69	154.41 157.67	158.06 160.85	161.78 167.52	171.17 181.40	181.86 186.04	182.19 189.30
Soymeal Winnipeg Delivered	456	458	458	460	457	457				
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.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

CALL CRYSTAL FOR MORE INFO 204-235-2225

LIGHT HOG PROGRAM!

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS