



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 08, 2015

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

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

**Forward contract prices opened mixed this morning.** US cash markets are trading firm this week, even as the weekly slaughter total is likely to be the largest of 2015. Packers are having little difficulty finding the hog supplies to meet their production schedules and have benefitted from a buying strategy that matches wholesale pork price movements to their cash bids. At the consumer level, there are signs that point to good domestic pork demand and the country-wide feature of 'National Pork Month' is having a positive effect in offsetting growing supplies. In overseas markets, pork is struggling to make gains and needs to overcome the effect of a strong US Dollar and increased competition from Europe. While total pork exports were up approximately 8% over the depressed levels of 2014, they are still lagging from 2013 volumes with only Mexico and Korea showing positive growth. For producers still looking to cover some of their winter price risk, targets can be set at \$5.00/ckg over current forward prices with a reasonable expectation that they will hit given the recent volatility in the Lean Hogs and the Canadian Dollar.

**Canadian delivered soymeal prices opened higher this morning.** US soybeans are trading lower. There is talk that the USDA could raise its yield estimates to 47.2 bpa which would add an additional 600,000 bu. in production from the current 47.1 bpa estimate. Generally, soybean yields observed from the field are coming in higher than producer expectations which could be bearish for the trade. However, if usage is estimated higher, the market could see some initial support. Interesting facts from the September report show the highest usage and highest exports in the past 10 years, but also highest imports, supply and ending stocks within the same timeframe.

**US corn futures opened lower this morning.** Rumors of profit taking ahead of tomorrow's WASDE report are thought to be a function of the pressure seen in this morning's early trade. Harvest is under way and there is talk this could be contributing to the pressure as well. However, last week's crop progress numbers came in below expectations and there is further talk that yields in growing regions outside of Iowa and Illinois (where yields are generally good) have seen a wide variation. The US Dollar has also recovered somewhat adding pressure. The WASDE report will be released mid-trade on Friday at 12:00 noon, Eastern Time.

US Slaughter	
433,000	Wednesday
426,000	Wednesday (year ago)
W. Corn Belt	\$72.00
National Price	\$74.70
Daily Sig 3	\$172.04
Daily Sig 4	\$172.84
Thunder Creek	\$171.87
4-Month Fwd.	\$ 146.41
<b>B of C Ex. Rate (Noon)</b>	
\$1.3036 CAD / \$0.7671 USD	
<b>Cash Prices Week Ending October 03, 2015</b>	
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	Aug
Maple Leaf Sig. #3		138.11 144.09	143.50 147.69	139.87 149.45	153.04 156.04	154.24 157.83	158.43 165.68	171.72 181.30	182.50 188.49	180.37 189.09	183.12
Maple Leaf Sig. #4		142.90 151.25	147.30 151.01	143.33 150.29	154.00 157.25	156.90 159.68	160.61 166.47	170.81 181.02	181.48 185.66	181.97 188.91	181.51
Soymeal Winnipeg Delivered	454	455	455	457	455	455					
Corn	Local delivered price available on request										

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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