



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 09, 2015

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↓

Corn: ↓ CDN Dollar: ↑

Forward contract prices opened mostly higher this morning.

US cash markets are finishing the week moderately lower, with hog supplies relatively easy to source and wholesale pork prices firm due to 'National Pork Month' features across the country. In fact packer operating margins that dipped recently have rebounded to some of their highest levels over the last two months, estimated at \$35/hog. Lean Hog futures have largely followed the trend in the pork cut-out, with there being little willingness to break out higher without fundamental support. The next real tests on the hog market will come in approximately a month when the hog slaughter will likely reach 2.4 million hogs/week, countrywide pork features will have run their course, beef and chicken prices will compare more favourably, and export levels could continue to struggle from a relatively high US Dollar. Producers who have not yet covered some winter price risk, should consider the current support in the Nov-Feb forward prices as a good opportunity to secure profits and a positive cash flow.

Canadian delivered soymeal prices opened lower this morning.

Today's WASDE report will be released mid-trade at 12:00 Noon Eastern Time (11:00AM, Central). As of this writing, there has been no publicly viewable analyst estimates ahead of the release. However, ending stocks are reportedly expected to be lowered on average to 414 million bu. down from 450 million bu. in September's report. Of note is a wide range of estimates, between 300 and 475 million bu. Numbers coming in at the lower level would provide rationale for further support while the higher number could soften the impact. Producers are reminded that US meal costs are at low levels and the CAD is adding approximately \$75 CAD/MT to Canadian delivered meal.

US corn futures opened lower this morning. Like soybeans, US corn is seeing some volatility ahead of today's WASDE report. There is talk of some short covering ahead of the report but the corn trade is generally more bullish in tone as yield results have been varied so far. As well the corn market is downbeat amid a strong USD, weak energy markets and a meagre outlook on export demand so far. Cumulative corn sales are at 23.5% of forecasts compared to the 41.7% 5-year average. Adding uncertainty is the range of pre-report ending stocks estimates showing 1.339 billion bu. at the low end and 1.750 billion bu. at the upper level.

US Slaughter	
435,000	Thursday
425,000	Thursday (year ago)
W. Corn Belt	\$71.27
National Price	\$75.15
Daily Sig 3	\$170.06
Daily Sig 4	\$173.66
Thunder Creek	\$170.87
4-Month Fwd.	\$ 147.78
B of C Ex. Rate (Noon)	
\$1.3018 CAD / \$0.7682 USD	
Cash Prices Week Ending October 10, 2015	
Signature 3	171.31/77.71
Signature 4	172.68/78.33
h@ms Cash	169.81/77.03
Hylife	171.87/77.96
Thunder Creek	173.30/78.61
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		139.84 145.78	145.19 149.35	141.01 150.53	154.10 157.07	155.12 158.69	159.28 166.53	171.46 180.98	182.17 188.12	180.09 188.72	183.27
Maple Leaf Sig. #4		144.51 152.79	148.88 152.56	146.46 151.30	154.98 158.21	157.70 160.47	161.39 167.26	170.53 180.67	181.13 185.28	181.67 188.51	181.63
Soymeal Winnipeg Delivered	448	448	448	451	449	449					
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](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

