



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 14, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US packers added \$1.00/cwt or more to their cash bids yesterday, but the gain did little to increase the daily slaughter. Regional cash prices have gained nearly 10% over the last six weeks, a move that is not commonly seen at this time of year. With hog slaughter still anticipated to grow an additional 100,000 hogs per week over the next month, packers are not waiting for the hogs to arrive. Operating margins remain very profitable, with packers making more than \$30/hog. However, gains in Lean Hog futures have been more difficult to come by, with most traders anticipating softer prices into the winter months. Slow pork exports, combined with lower priced chicken and beef is expected to limit any further advances of pork prices as inventories are growing which the next Cold Storage report is expected to show. Producers without a portion of their winter production priced should look to secure some of the recent gains by pricing 25% of their Dec-Feb production at current prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures were trading higher early this morning but have since turned lower in what many are expecting to be a turnaround on bearish fundamentals and a good harvest pace. Monday's reports were delayed to Tuesday as many US federal employees had Columbus Day off (same day as Canadian Thanksgiving). Crop progress came in at 62%, up from the 54% 5-year average but in line with market expectations; 64% of the crop is in good/excellent condition (no change from previous week) and is lower than last year's 73% but one point higher than the 10-year average. While the market has been supported following the last WASDE report, there is talk that the upside is limited in the short to mid-term.

US corn futures opened lower this morning. US corn has been supported on strength in beans (on decent Chinese demand expectations) and wheat (there are some global dryness concerns) and also on a slower harvest pace relative to soybeans. Pressure comes from poor export inspections and talk that the corn harvest is (or will soon be) ramping up. There appears to be some evidence of this; the USDA reported 42% of corn has been harvested (compared to the 40-45% market expectation) which is 15% higher than week ago and 5% higher than the 10-year average. 68% of the crop is in good/excellent condition, no change from the previous week.

US Slaughter	
431,000	Tuesday
429,000	Tuesday (year ago)
W. Corn Belt	\$72.32
National Price	\$75.34
Daily Sig 3	\$172.15
Daily Sig 4	\$173.66
Thunder Creek	\$172.38
4-Month Fwd.	\$ 146.52
B of C Ex. Rate (Noon)	
\$1.2986 CAD / \$0.7701 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	\$34.79 US Avg.
Feeder Pigs	\$44.15 US Avg.
#1 Export Sows (Tagged) \$60.00/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		138.62 141.60	143.98 148.15	138.60 148.12	151.69 154.67	152.95 156.52	157.12 164.68	169.98 179.52	180.71 186.68	177.70 187.27	176.80 180.96
Maple Leaf Sig. #4		142.89 147.74	147.28 150.97	141.59 148.51	152.19 155.42	155.14 157.91	158.83 165.02	168.64 178.81	179.27 183.43	178.87 186.66	178.92 178.92
Soymeal Winnipeg Delivered	479	471	471	471	467	467					
Corn	Local delivered price available on request										

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