



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 15, 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 cash markets moved modestly lower yesterday, with packers easily able to meet their production schedule requirements as country-wide slaughter exceeded 435,000 hogs. Hog weights have also been increasing, and Iowa/S. Minnesota hogs have been averaging 281 lbs., only about 3 lbs. lighter than last year's record setting weights. With pork production expected to peak in a little over one month, traders are monitoring demand related indicators that would provide some insight into how large the price concessions will need to be in order to clear the market of all its production. US meat and poultry demand has been exceptional so far this year, with chicken, beef and pork all posting year-to-date gains in demand of 5% - 11%. However, total meat and poultry production are likely to peak in the next 2 months, which would possibly require significant price concessions to entice higher consumption. This fact helps to explain why the November and December forward prices are being offered at a \$20 -\$30/ckg discount to the current cash market.

Canadian delivered soymeal prices opened mixed this morning. Despite decent fundamental data and good harvest progress, US soybeans have been trading higher, carrying over into this morning's trade. Support stems from some recovery from seasonal lows at the beginning of October as acreage and yield estimates stabilize during the progressing harvest. As well, the Chinese demand outlook has been more favourable recently (another 205,000 MT were confirmed sold to the region) and there is further talk the large funds are covering short positions. The CAD has recovered somewhat but still accounts for an approximate \$66 CAD/MT premium on meal relative to last year's 90¢ Dollar.

US corn futures opened lower this morning. US corn futures continue to struggle against meagre export demand, sputtering energy markets, and a relatively high USD making competitor variants more attractive. Poor technical indicators and building harvest activity are also adding pressure to the trade. There is talk that any of the recent support has been a function of strength in the bean and wheat markets. However, the USD is weakening (relatively) somewhat and there are thoughts that export activity could be reinvigorated if export customers return to the US.

| US Slaughter | |
|---|-------------------------|
| 435,000 | Wednesday |
| 429,000 | Wednesday (year ago) |
| W. Corn Belt | \$72.05 |
| National Price | \$75.33 |
| Daily Sig 3 | \$171.45 |
| Daily Sig 4 | \$173.58 |
| Thunder Creek | \$171.23 |
| 4-Month Fwd. | \$ 145.74 |
| B of C Ex. Rate (Noon) | |
| \$1.2982 CAD / \$0.7703 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 | | 137.29 140.25 | 142.61 146.76 | 138.62 148.09 | 151.64 154.60 | 151.52 155.07 | 155.66 162.39 | 167.23 176.68 | 177.86 183.76 | 177.19 184.35 | 176.12 180.28 |
| Maple Leaf Sig. #4 | | 141.54 146.35 | 145.89 149.56 | 141.57 148.45 | 152.11 155.32 | 153.72 156.47 | 157.94 162.74 | 165.94 176.01 | 176.46 180.58 | 178.37 184.11 | 178.25 178.25 |
| Soymeal Winnipeg Delivered | 476 | 469 | 473 | 472 | 468 | 468 | | | | | |
| Corn | Local delivered price available on request | | | | | | | | | | |

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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