



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 16, 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 were lower by about \$1.50/cwt in trade yesterday, close to the largest one day drop seen in the last two months. With the October Lean Hog contract expired, packers had no other influence on their procurement strategy than managing profit margins and filling shackles. This week's slaughter is expected to be near 2.3 million hogs, with that number growing approximately 100,000 over the next month. With growing supplies, pressure will be on prices to clear the market of the extra inventory, especially with the added competition from beef and chicken prices which are down about 20% from their summer highs. Lean Hog futures are trading sharply lower this morning, pressured by ideas that China may not be buying significant volumes from North America, in part due to modest economic growth and inflation. The Canadian Dollar is down close to half a cent against the US Dollar this morning, after hitting a 3 month high in trade yesterday.

| US Slaughter | |
|----------------|---------------------|
| 436,000 | Thursday |
| 429,000 | Thursday (year ago) |
| W. Corn Belt | \$70.20 |
| National Price | \$75.38 |
| Daily Sig 3 | \$166.04 |
| Daily Sig 4 | \$172.64 |
| Thunder Creek | \$167.14 |
| 4-Month Fwd. | \$ 144.14 |

h@ms 2015 Fall Marketing Meeting Schedule

| Meeting | Date and Time | Location |
|---------------|--------------------------|---|
| Swift Current | Tues., Oct. 27 - 3:00PM | Days Inn - 905 North Service Road East |
| Saskatoon | Wed., Oct. 28 - Noon | Courtyard Marriott - 333 Aerogreen Crescent |
| Headingley | Thurs., Oct. 29 - 2:00PM | Headingley Com. Centre - 5353 Portage Ave. |
| Steinbach | Fri., Oct. 30 - Noon | Smitty's Restaurant - Clear Spring Mall |
| Starbuck | Thurs., Nov. 12 - 2:00PM | Starbuck Community Hall - 25 Main Street |

B of C Ex. Rate (Noon)
\$1.2904 CAD / \$0.7750 USD

Canadian delivered soymeal prices opened lower this morning. Large global supplies and ideal harvest conditions are pressuring the soybean trade. Traders were looking to US export data for support and for estimates to come in between 1.0 and 1.5 MMT. However, there was talk that support would only materialize if the numbers were at or above the higher estimates. This morning's report has shown exports just below the higher estimate, coming in at 1.476 MMT and the market has since turned lower. Technical indicators also suggest further downside is likely if key support levels are broken.

| Cash Prices Week Ending October 17, 2015 | |
|--|-------------------------|
| Signature 3 | 169.55/76.91 |
| Signature 4 | 172.99/78.47 |
| h@ms Cash | 168.05/76.23 |
| Hylife | n/a |
| Thunder Creek | 170.80/77.47 |
| ISO Weans | \$34.79 US Avg. |
| Feeder Pigs | \$44.15 US Avg. |
| #1 Export Sows (Tagged) | \$60.00/cwt. (+500lbs.) |

US corn futures opened lower this morning. Continued export weakness and a progressing harvest are pressuring US corn. Only 598,000 MT were reported in this morning's export report compared to expectations between 375,000 and 675,000 MT amid talk the higher estimate was needed to shake of the bearish tone. By way of comparison, last year's exports totalled 4.96 MMT in cumulative volume relative to this year's 3.78 MMT. There is talk yields are improving as harvest progresses and could add to the growing US supply.

| Fixed Forward Range (at opening) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|----------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 135.83 138.79 | 141.16 145.30 | 136.79 146.27 | 149.83 152.79 | 150.23 153.79 | 154.38 161.06 | 165.91 175.37 | 176.55 182.46 | 174.40 183.05 | 173.69 177.84 |
| Maple Leaf Sig. #4 | | 140.13 144.95 | 144.49 148.16 | 139.81 146.70 | 150.37 153.59 | 152.48 155.24 | 156.16 161.46 | 164.67 174.74 | 175.20 179.32 | 175.66 182.53 | 175.89 175.89 |
| Soymeal Winnipeg Delivered | 469 | 462 | 466 | 465 | 462 | 462 | | | | | |
| Corn | Local delivered price available on request | | | | | | | | | | |

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Register for Brandon Hog Days!

Registration links available at www.hogdaysbrandon.ca

Or phone Everlito at 204-346-6080

This year's event to be held on December 2, 2015

