



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 19, 2015

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened higher this morning.** US cash markets are expected to start the week with steady bids despite regional prices dropping about \$3.50/cwt at the end of last week. Divergent trends in packer bids for hogs and wholesale pork have resulted in some of the highest gross operating margins experienced by packers all year, currently estimated at well over \$40/pig. Demand for wholesale pork has been exceptional resulting in the pork cut-out trading near its highest level of the year at a time when pork production has been climbing to its highest levels. However, packer profitability has been weakened by product values which have been reduced by 50% over the last 15 months to their lowest level since 2009. Packers appear to be anticipating a downturn in pork prices, but this has not yet materialized. Lean Hog futures have been factoring in seasonal weakness over the Nov-Dec timeframe for several months, but traders now appear to be taking a 'wait and see' approach given the discrepancy that has developed between hog and pork values.

US Slaughter	
2.318 mil.	Last Week
2.184 mil.	Last Week (year ago)
W. Corn Belt	\$68.71
National Price	\$75.24
Daily Sig 3	\$162.89
Daily Sig 4	\$172.71
Thunder Creek	\$162.76
4-Month Fwd.	\$ 145.48

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)**  
\$1.2933 CAD / \$0.7732 USD

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading in a mixed and choppy pattern as the market attempts to reconcile a rapidly progressing harvest and good yield expectations with decent export demand. There is talk that as much as 80% of the bean harvest could be completed this week, confirmed by the USDA after trading today. While cumulative sales are lower than the 5-year average, only 427,000 MT/week are needed to reach USDA expectations (compared to the over 800,000 MT sold in the past three consecutive weeks) due to the recent uptick in export activity.

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	171.61/77.84
Thunder Creek	170.80/77.47

**US corn futures opened lower this morning.** Ongoing harvest activity amid almost ideal weather and expectations that crop yields could result in record production levels are weighing on the trade to start the week. Like soybeans, an accelerated harvest has the trade talking that up to 60% of the corn harvest could be completed in tomorrow's report. Weak Chinese economic data and a strengthening USD are also pressuring but there are rumors that China is considering corn-based ethanol plants.

ISO Weans	\$36.73 US Avg.
Feeder Pigs	\$47.10 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		136.03 136.03	141.39 145.55	137.71 147.23	150.80 153.77	150.99 154.56	155.15 161.50	166.12 175.59	176.78 182.70	175.05 183.29	174.17 178.32
Maple Leaf Sig. #4		140.37 141.06	144.74 148.43	140.73 147.64	151.33 154.56	153.24 156.01	156.93 161.89	164.88 174.97	175.43 179.56	176.28 182.77	176.35 176.35
Soymeal Winnipeg Delivered	472	464	469	467	465	465					
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

**Register for Brandon Hog Days!**

Registration links available at [www.hogdaysbrandon.ca](http://www.hogdaysbrandon.ca)

Or phone Everlito at 204-346-6080

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

