



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 20, 2015

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↓

Corn: ↑ CDN Dollar: ↓

Forward contract prices opened higher this morning. US cash markets recovered most of the losses experienced late last week, with Midwestern USDA reporting regions gaining an average of \$1.50/cwt in trade yesterday. Packers have benefitted from excellent operating margins and are attempting to capitalize on this situation by ensuring that every hook on their kill floors is full. Last week's slaughter was estimated at nearly 2.32 million hogs, approximately 6% larger than year ago levels. With hog carcass weights running at a 4lb. deficit from year ago levels; pork production is up by about 4%. An increase in export sales is critical to clear the market of the additional pork inventory without significant price concessions. It appears exporters will have overcome increased competition Europe and a relatively strong US dollar. The latest weekly sales figures, (which are not always reliable), showed Chinese purchases may have improved as recently as the first week in October, which may explain the solid gains being seen in the December Lean Hog futures this morning. The Canadian Dollar is up nearly half a cent this morning with the uncertainty from yesterday's Federal election dissipating following a Liberal majority win.

Canadian delivered soymeal prices opened steady to lower this morning. There were expectations for the soybean harvest to come in at 79-80% (or better) ahead of yesterday's Crop Progress report, but it ultimately fell just shy of that, coming in at 77%, providing some support this morning. Strong unexpected export numbers from China have also been supportive, despite weak economic outlooks for the region broadly, as shipments to the region show almost 7 MMT compared to less than 6 MMT last year. Pressure comes from technical indicators and good production estimates that suggest looming weakness is ahead.

US corn futures opened higher this morning. Like soybeans, the corn trade is getting some mild support from crop progress data showing 59% harvested compared to the 60% expected ahead of yesterday's report. Nonetheless, the number is 5 points higher than the 5-year average and with yields reportedly stabilizing as the harvest progresses, corn will likely need stronger demand side data in order to sustain support in the trade. A high USD and cheaper variants elsewhere are some factors proving to be challenging for US corn.

US Slaughter	
410,000	Monday
430,000	Monday (year ago)
W. Corn Belt	\$70.04
National Price	\$74.76
Daily Sig 3	\$166.87
Daily Sig 4	\$172.47
Thunder Creek	\$167.66
4-Month Fwd.	\$ 150.45
B of C Ex. Rate (Noon)	
\$1.2998 CAD / \$0.7693 USD	
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
ISO Weans	\$36.73 US Avg.
Feeder Pigs	\$47.10 US Avg.
#1 Export Sows (Tagged)	\$62.00/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3			147.81 151.97	139.62 149.13	152.69 155.67	151.86 155.43	156.02 163.13	167.65 177.16	178.35 184.29	176.17 184.88	166.18 180.52
Maple Leaf Sig. #4			150.96 154.64	142.57 150.96	153.16 156.38	154.08 156.84	157.76 163.50	166.37 176.50	176.96 181.11	177.42 184.33	174.34 178.51
Soymeal Winnipeg Delivered	472	464	469	467	464	464					
Corn	Local delivered price available on request										

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h@ms 2015 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current	Tues., Oct. 27 - Noon	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