



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 21, 2015

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

www.hamsmarketing.ca

Hog Prices: ↓ ↑ Soymeal: ↑

Corn: ↑ CDN Dollar: ↑

Forward contract prices opened mixed this morning. US cash markets were steady in trade yesterday, holding gains from Monday that amounted to \$1.50/cwt. Hog numbers are down sharply from last week's trend, in part due to a roof collapse on the kill floor at Smithfield's Tar Heel plant. The week-to-date total is only 801,000, while the same week last year was at 858,000, representing a deficit of hogs slaughtered of more than 12% from recent weeks. Smithfield is rerouting some hogs to their other production facilities to make up for the shortfall so hog slaughter may appreciate by the weekend, but it appears as though this week will come in shy of expectations. Wholesale pork prices are resisting the seasonal tendency to weaken, with rib, ham and belly prices all recently adding to the support. In early trading, Lean Hog futures are taking back some of the gains experienced yesterday, but almost all technical indicators suggest the longer term bullish trend will continue into next week. Producers looking for protection in the winter months should consider setting targets \$5 -\$10 higher than current market prices which would represent new forward contract highs for the December-February timeframe.

Canadian delivered soymeal prices opened higher this morning. Despite relatively low economic forecasts for China, there are reports that the country's imports of soybeans are up 44% compared to last year, offering some support to soybean futures this morning. Chinese purchases are reportedly coming mostly from Brazil and Argentina where the two large exporters have a competitive advantage stemming from the relatively cheaper variants. However, the resulting global disappearance and a lowering USD have sparked talk of increasing demand for US beans.

US corn futures opened higher this morning. There is talk that the rapidly progressing harvest could be delayed later this week as rain moves into some key harvest areas, but there are also signs of a very large crop that will need to be marketed soon amid rumors of 'piling on the ground' and increasing premiums on storage as it becomes evident how much corn was stored from last year. This year is poised for large production volumes as well sparking talk some farmers could be forced to sell soon. DDGs to China were reported up 73.3% but corn was down 72% from August.

| US Slaughter | |
|---|-------------------------|
| 398,000 | Tuesday |
| 428,000 | Tuesday (year ago) |
| W. Corn Belt | \$70.13 |
| National Price | \$74.89 |
| Daily Sig 3 | \$166.78 |
| Daily Sig 4 | \$172.46 |
| Thunder Creek | \$166.62 |
| 4-Month Fwd. | \$ 150.44 |
| B of C Ex. Rate (Noon) | |
| \$1.2974 CAD / \$0.7708 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 | | | 148.84 153.04 | 139.12 148.84 | 152.32 155.32 | 151.43 155.03 | 155.63 162.43 | 167.70 177.28 | 178.48 184.46 | 175.59 185.06 | 165.18 179.53 |
| Maple Leaf Sig. #4 | | | 152.03 155.75 | 142.16 152.03 | 152.85 156.10 | 153.73 156.52 | 157.45 162.86 | 166.45 176.66 | 177.12 181.30 | 176.87 184.54 | 173.39 177.56 |
| Soymeal Winnipeg Delivered | 474 | 467 | 471 | 470 | 467 | 467 | | | | | |
| 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.

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 |