



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 22, 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 remain firm despite the recent reduction in hog slaughter capacity, which has cut 15,000-30,000 hogs per day from the US daily kill. Smithfield's Tar Heel facility developed a problem with its roof on Monday, which led officials to shut down operations for the last three days. Some hogs have been re-routed to other facilities, but a backlog of market ready animals has developed, estimated at over 50,000 head so far this week. If the plant is unable to re-open in the next few days, cash bids will likely drop as other plants (not affiliated with Smithfield) will start to see increased numbers. The pork cut-out continues to outperform expectations, with prices climbing to nearly \$90/cwt. Lean Hog futures have gained on this supportive fundamental news, but traders remain cautious of adding too much value to the December contract, as the 'National Pork Month' features will be coming to a close in approximately a week and expectations are for retailers to start featuring more beef. Producers looking to add price protection for the winter can set targets at \$5-\$10/kg higher than current forward prices with a reasonable expectation that they will hit, and would represent highest forward prices seen so far in the Dec-Feb timeframe.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading higher on reports that much of the strength stems from the bean oil component of the complex. Dry conditions in Southeast Asia are limiting production of palm oil, thus it is expected soy oil will fill the void. As well, there is talk that seasonal lows are developing, that technical indicators are suggesting the bottom has been or will soon be reached, and that beans are already in an oversold condition. Further talk that the USDA may revise yield estimates upward in November's WASDE report is keeping the upside in check.

US corn futures opened higher this morning. Fundamentally, US

corn is positioned for a bearish trend amid weak export sales exacerbated by the relatively high USD and low energy prices that have put downward pressure on the trade by anticipating lower domestic demand from the ethanol sector. As well, there are indications that the previously forecast wetter weather is tracking more southerly, and could miss much of the plains allowing harvest to progress. Strength in the market stems from support in the bean trade which is arguably recovering from seasonal lows amid good demand for beans and oil.

US Slaughter	
417,000	Wednesday
420,000	Wednesday (year ago)
W. Corn Belt	\$70.55
National Price	\$74.76
Daily Sig 3	\$169.61
Daily Sig 4	\$174.05
Thunder Creek	\$169.55
4-Month Fwd.	\$ 150.26
B of C Ex. Rate (Noon)	
\$1.3116 CAD / \$0.7624 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			146.96 151.17	139.51 149.13	152.72 155.74	152.01 155.62	156.22 163.65	168.58 178.21	179.41 185.43	177.56 186.03	166.73 181.17
Maple Leaf Sig. #4			150.23 153.96	142.55 150.23	153.26 156.52	154.30 157.10	158.03 164.07	167.33 177.59	178.05 182.25	178.82 185.51	174.97 179.17
Soymeal Winnipeg Delivered	472	464	467	470	467	467					
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