



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, October 26, 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 trended lower last week with weakness experienced in both the regional cash hog markets and pork cut-out values. Smithfield's Tar Heel plant did not operate for nearly half the week, but the deficit in the weekly slaughter did not materialize as hogs were re-routed to their other facilities and hours were added on Saturday. As a result, the US weekly slaughter was estimated at 2.317 million hogs, equivalent to the week previous and consistent with the latest Hog and Pig report forecast. Winter month Lean Hog futures fell 5-7% last week as traders were influenced by the bearish trend developing in the cash market. Lean hog futures are already lower than the current cash prices by approximately \$8/cwt, but a growing hog supply, slow exports and competition from chicken and beef all suggest that this discount is reasonable. Producers without price protection in 2016 should consider covering 25% of their March-May production at current prices, as they hold a premium to the 3 yr. average and last year's cash prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. Harvest progress is expected to come in near 88% complete, suggesting the rapid pace has all but wrapped up the vast majority of the bean harvest amid talk that yields will be estimated higher in the next WASDE report released November 10. As well, the Brazilian weather service has forecast that 90% of major growing areas could receive between 0.25 and 1.25 inches of rain in the regions that have until this point been considered too dry; planting progress is estimated at 20%, up from last year (also a 'drier' year), but behind the 30% average pace normally seen at this time of year.

US corn futures opened higher this morning. Farmer reluctance to sell has been supportive to cash markets but has yet to influence the futures trade beyond \$4.00/bu. A possible reason for the lack of support is talk that corn yields have been improving as the harvest progresses and also of anecdotal reports that storage capacity is coming under pressure as large volumes come in, indicating that supply, so far is, or will soon be outpacing demand. However, Argentina officials estimate that their planted corn area this year will be lower by about 12%; similarly, Brazil's production is expected to be down 15-20% for the year suggesting strength could return to US corn in the mid-term as global supplies tighten up.

US Slaughter	
2.317 mil.	Last Week
2.144 mil.	Last Week (year ago)
W. Corn Belt	\$68.41
National Price	\$74.53
Daily Sig 3	\$165.17
Daily Sig 4	\$174.26
Thunder Creek	\$165.24
4-Month Fwd.	\$ 144.59
B of C Ex. Rate (Noon)	
\$1.3172 CAD / \$0.7592 USD	
Cash Prices Week Ending October 24, 2015	
Signature 3	166.65/75.59
Signature 4	173.06/78.50
h@ms Cash	165.15/74.91
Hylife	171.27/77.69
Thunder Creek	168.60/76.48
ISO Weans	\$36.84 US Avg.
Feeder Pigs	\$50.34 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			138.95 143.17	133.95 143.47	147.09 150.10	148.65 152.27	152.87 160.55	165.15 174.82	176.03 182.08	174.17 182.69	162.92 177.44
Maple Leaf Sig. #4			142.49 146.23	137.06 144.07	147.81 151.08	151.08 153.88	154.81 161.10	164.02 174.33	174.80 179.01	175.57 182.29	171.35 175.57
Soymeal Winnipeg Delivered	461	454	457	460	458	458					
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