



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 28, 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 lower this morning.** US cash markets continued their recent bearish trend as USDA reporting regions dropped nearly \$0.50/cwt during trade yesterday amid ample producer supplies. This week's slaughter is currently estimated to be 2.37 million hogs, one of the largest so far this year. Wholesale pork prices have provided little in the way of support, with all of the primal cuts losing value and resulting in a further \$1.00/cwt decline to carcass cut-out value. This leaves the benchmark pork price down more than \$5.00/cwt for the last week. Lean Hog futures have also been under pressure, reflecting the cash market weakness as well as the collective market reaction to the World Health Organizations study that linked processed meats to a risk of cancer. There is no way to measure the impact of this report on pork demand, but it is a bearish factor that likely feeds into the tendency of futures traders to 'sell the rumour and buy the fact'. Forward contract prices have fallen approximately 6% or about \$10/ckg over the last week, even as the Canadian Dollar has weakened about 2 cents over the same timeframe.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower after experiencing support yesterday from the positive demand stories that started to materialize. The turn lower reflects a wider trend of pressure that began around October 15<sup>th</sup>, when thoughts that yield estimates in the US would improve and result in large production volumes. More recently, weather in S. America is forecast to be cooperative and will support crop development amid the timely rains. Technical indicators would suggest imminent support; however, sustained demand needs to develop before the market can clear the anticipated production volumes.

**US corn futures opened lower this morning.** In a refrain that is starting to sound repetitive, lacklustre demand, the high US currency, weakness in other commodities, and talk of increasing yield expectations are factors pressuring the corn trade this morning. As well, technical indicators are described as 'weak' even though corn is trading around \$3.76 USD/bu., lows not seen since June 2015 (briefly) and September of last year. Adding to the bearish sentiment was news yesterday, that Brazil corn is making its way into the eastern US, a stark reminder that competitor variants are still less expensive than US the product.

US Slaughter	
433,000	Tuesday
430,000	Tuesday (year ago)
W. Corn Belt	\$66.34
National Price	\$73.54
Daily Sig 3	\$161.01
Daily Sig 4	\$172.85
Thunder Creek	\$160.68
4-Month Fwd.	\$ 141.23
<b>B of C Ex. Rate (Noon)</b>	
\$1.3241 CAD / \$0.7552 USD	
<b>Cash Prices Week Ending October 24, 2015</b>	
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) \$63.50/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3			134.04 138.27	130.84 140.53	144.16 147.19	146.17 149.81	150.92 157.58	162.83 172.52	173.73 179.78	172.72 180.38	162.13 176.74
Maple Leaf Sig. #4			138.70 142.45	135.14 142.18	145.94 149.22	149.64 152.46	153.40 159.16	162.72 173.04	173.51 177.73	175.16 181.05	171.62 175.87
Soymeal Winnipeg Delivered	460	453	456	460	459	459					
Corn	Local delivered price available on request										

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## h@ms 2015 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
<b>TODAY - Saskatoon</b>	Wed., Oct. 28 - Noon	Courtyard Marriott - 333 Aerogreen Crescent
<b>Headingley</b>	Thurs., Oct. 29 - 2:00PM	Headingley Com. Centre - 5353 Portage Ave.
<b>Steinbach</b>	Fri., Oct. 30 - Noon	Smitty's Restaurant - Clear Spring Mall
<b>Starbuck</b>	Thurs., Nov. 12 - 2:00PM	Starbuck Community Hall - 25 Main Street