



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 29, 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 fell sharply in trade yesterday, with all of the reporting regions losing \$2.00/cwt in value and sinking to their lowest level since April. Packers are easily meeting the expanded slaughter schedules, while producers are staying current with their marketings as indicated by hog carcass weights holding steady at around 211 lbs., 3 lbs. lighter than year ago levels. With the 'National Pork Month' features coming to a close and wholesale beef and chicken prices losing 20-30% of their value over the last 5 months, pork is seeing the greatest competition that it has faced in years. Consequently, Nearby Lean Hog futures have been dropping in value, with the December contract down \$8.00/cwt or 12% over the last 6 trading days. Technical indicators suggest that the futures are 'oversold', but with the bearish cash market that has developed, upside potential seems limited in the next few weeks. The Canadian Dollar has cushioned forward prices from some of the weakness coming from the hog futures, with values about 2 cents lower over the last two weeks contributing about \$4.00/ckg to forward prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower amid thoughts of slowing short-term Chinese demand and a potential for huge supplies to be coming to market in the mid-term. There have been no announcements of Chinese purchases recently, but a USDA export report will be released tomorrow and if the trend continues, support could return to the nearby contracts on positive demand data; a stronger longer term demand outlook remains in place. Pressure for the trade follows news that US yields are expected to be raised, recent rain has alleviated some dryness concerns in Brazil, and Argentina is pegged to produce another record crop.

US corn futures opened higher this morning. Support for the US corn trade this morning appears to be more technical than fundamental in nature and if the current trend continues, corn is potentially poised for further downside. The technical charts are suggesting support could materialize and a turnaround from oversold levels is possible. However, more bearish rumors have surfaced, suggesting that China is looking at clawing back US DDG purchases. Combined with recent competitiveness issues and word that China is also going to subsidize domestic corn end users, US corn will likely need some positive demand news for a sustained recovery.

US Slaughter	
432,000	Wednesday
425,000	Wednesday (year ago)
W. Corn Belt	\$64.26
National Price	\$72.98
Daily Sig 3	\$154.87
Daily Sig 4	\$170.31
Thunder Creek	\$154.69
4-Month Fwd.	\$ 138.88
B of C Ex. Rate (Noon)	
\$1.3148 CAD / \$0.7606 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) \$63.50/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3			132.64 136.86	128.31 137.94	141.56 144.57	143.24 146.86	147.46 155.65	161.47 171.17	172.38 178.44	171.12 179.05	159.29 173.83
Maple Leaf Sig. #4			137.31 141.05	132.65 139.65	143.38 146.65	146.76 149.56	150.50 157.30	161.41 171.74	172.21 176.44	173.57 179.72	168.81 173.03
Soymeal Winnipeg Delivered	457	450	453	455	454	454					
Corn	Local delivered price available on request										

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h@ms 2015 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
TODAY - 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