



Hog Prices: ↓ ↑ Soymeal: ↑
Corn: ↔ CDN Dollar: ↓

Hog Margin Outlook

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Tuesday, September 09, 2014

Forward contract prices opened mixed this morning. US cash markets started the week higher, with packers short of live supplies relative to their still modest slaughter expectations. Last week's slaughter was down more than 10% from year ago levels and this week is on pace for a similar reduction. This 'hole' in marketings correlates well to the period of peak PEDv accessions experienced in March, which if the relationship holds, suggests that slaughter levels will be close to year ago levels by late November. However, supply is not the only significant shift; demand has improved by an estimated 7% year-to-date which reflects the biggest shift experienced in the last 5 years. Lean Hogs continue to experience violent price swings, with the October contract trading close to the \$3 .00/cwt. limit over the last several days. Massive uncertainty in the spring and summer supplies continues to drive higher volatility in prices in the Apr – Jul 2015 timeframe as the market attempts to factor in the impact of PEDv on the herd over the winter months.

Canadian delivered soymeal prices opened higher this morning. Deferred contracts are under more pressure as private yield estimates venture into 47+ bpa. There is still concern for frost into the Dakotas, Minnesota, Wisconsin, and into Iowa, but in order for frost to be damaging to corn or soybeans, temperatures need to be sustained at -2.22°C (28°F) for at least three hours, and the probability for -2+°C has been deemed less likely for the majority of the US crop. Old crop meal maintains supported on the familiar story of tight ending stocks, inching local spot prices higher.

Canadian delivered corn prices opened even this morning. With a massive crop expected and US frost concerns subsiding somewhat, the conversation has turned to the probability of a price shift as a result of changes in Thursday's WASDE report. Consensus is that estimates have a greater effect on prices when stocks are tighter; so with 174 bpa yields and 2.2+ billion ending stock estimates, a major price correction is increasingly unlikely as a result of September WASDE revisions. Trading is expected to be lighter for grains and oilseeds approaching Thursday.

US Slaughter	
400,000	Monday
418,000	Monday (year ago)
W. Corn Belt	\$99.72
National Price	\$96.71
Daily Sig 3	\$199.84
Daily Sig 4	\$187.69
Thunder Creek	\$199.53
4-Month Fwd.	\$183.48
B of C Ex. Rate (Noon)	
\$1.0933 CAD/ \$0.9146 USD	
Cash Prices Week Ending September 05, 2014	
Signature 3	84.94/187.25
Signature 4	83.75/184.63
h@ms Cash	83.07/183.13
Hylife	82.98/182.94
Thunder Creek	83.82/184.80
ISO Weans	\$58.79 US Avg.
Feeder Pigs	\$80.42 US Avg.
#1 Export Sows (+500lbs)	not available

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		199.29 202.84	179.71 187.80	181.23 187.30	172.36 177.94	169.48 179.46	171.00 174.55	175.60 178.65	177.84 184.96	182.92 189.03	182.23
Maple Leaf Sig. #4		198.67 201.61	179.90 189.89	184.02 187.74	171.13 177.41	169.52 178.40	169.52 173.25	173.79 175.96	175.27 183.54	181.77 186.69	179.50
Soymeal Winnipeg Delivered	707	447	435	435	432	429	429				
Corn Wpg, Delivered	162										

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WINNIPEG LIVESTOCK
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