



# Hog Margin Outlook

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Tuesday, September 16, 2014

Hog Prices: ↓ Soymeal: ↓

Corn: ↔ CDN Dollar: ↓

US Slaughter	
404,000	Monday
432,000	Monday (year ago)
W. Corn Belt	\$103.49
National Price	\$101.23
Daily Sig 3	\$209.63
Daily Sig 4	\$198.56
Thunder Creek	\$209.67
4-Month Fwd.	\$180.58
<b>B of C Ex. Rate (Noon)</b>	
\$1.1051 CAD/ \$0.9048 USD	
<b>Cash Prices Week Ending September 12, 2014</b>	
Signature 3	92.03/202.89
Signature 4	86.15/189.93
h@ms Cash	85.47/188.43
Hylife	86.34/190.34
Thunder Creek	86.55/190.80
ISO Weans	\$60.57 US Avg.
Feeder Pigs	\$79.95 US Avg.
#1 Export Sows (+500lbs)	not available

**Forward contract prices opened lower this morning.** Packers resumed the higher price trend that they set over the last several weeks yesterday, with most cash market regions reporting gains of \$0.50 - \$1.00/cwt. Packer bids were buoyed in part due to a surge in wholesale pork prices which gained more than \$2.00/cwt, the highest level in nearly a month. However, gains in the winter and spring Lean Hog futures continue to be elusive as the trade believes that the hog supply could normalize, returning to within 2% of year ago levels. Over the course of the first 6 months of 2015, where the Feb, Apr, May and June Lean Hog Futures are offered, the market has taken out almost all of the risk premium associated with PEDv, as the June contract is trading below the 2011-2013 average cash price. However, there is still a great deal of uncertainty whether the industry can manage the disease better than it did last winter when an estimated 40% of the herd was infected. The Canadian Dollar is trading higher this morning, near US\$0.9100, and could be higher in anticipation of the influence of tomorrow's interest rate announcement from the US Federal Reserve.

**Canadian delivered soymeal prices opened lower this morning.** US soybeans are trading lower following a report released this morning from the US Farm Service Agency (FSA) that was widely believed to scale back estimated planted acres today. There was talk that the revised estimate for 'prevent plant acres' (the amount of acres unplanted due to conditions at the time; in this case a cool, wet spring) could be between 500,000 and 800,000. However, the USDA has made no changes to its initial estimates on production this morning, and the market has since pushed lower.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. The pre-report 'prevent plant acres' estimates for corn ahead of the FSA's report was generally believed to be between 750,000 and 1.25 million acres with some approaching 2 million acres. However there are reports trickling out that while the FAS made reductions to its corn acreage estimates, production estimates remain unchanged pushing the market lower. There is talk weather patterns are now of more concern as a ridge of heavy rain pushes into the Midwest.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		200.86 204.41	176.02 182.10	175.52 181.59	171.54 177.12	169.11 178.64	170.63 174.18	174.88 177.93	175.08 182.19	180.16 186.26	182.46
Maple Leaf Sig. #4		198.82 201.76	173.00 183.00	178.10 180.84	169.55 175.84	168.77 176.82	168.77 172.50	172.69 174.86	172.20 180.27	178.50 183.41	179.14
Soymeal Winnipeg Delivered	646	433	418	418	414	412	412				
Corn Wpg, Delivered	155	155	163	168	168	168	171				

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STRENGTH IN NUMBERS



Some Important h@ms Marketing Phone Numbers

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Logistics Coordinator (Crystal): 204-235-2225

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