



# Hog Margin Outlook

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Tuesday, September 23, 2014

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

US Slaughter	
410,000	Monday
422,000	Monday (year ago)
W. Corn Belt	\$106.50
National Price	\$104.08
Daily Sig 3	\$214.89
Daily Sig 4	\$203.37
Thunder Creek	\$214.91
4-Month Fwd.	\$178.81
<b>B of C Ex. Rate (Noon)</b> \$1.1008 CAD/ \$0.9084 USD	
<b>Cash Prices Week Ending September 20, 2014</b>	
Signature 3	95.09/209.64
Signature 4	90.55/199.63
h@ms Cash	89.87/198.13
Hylife	90.37/199.23
Thunder Creek	93.08/205.20
ISO Weans	\$61.72 US Avg.
Feeder Pigs	\$81.54 US Avg.
#1 Export Sows (+500lbs)	\$55.00 cwt. Tagged

**Forward contract prices opened higher this morning.** US cash markets are expected to continue the higher trend established yesterday as packer operating margins reflect good profitability and supplies remain tight. Yesterday's release of the USDA Cold Storage report provides some insight on the volatile pork market over the last two months. Overall, pork inventory was almost exactly the same as last year's, but there were significant changes to the quantities of specific primal cuts that may have contributed to the huge price swings. Pork belly supplies were more than double that of year ago levels, despite having fallen 30% from July 31, 2014. Alternatively, ham supplies in storage were down 13% compared to year ago levels, but grew over the previous month's total by 20%. Lean Hog futures continue to see huge price swings, even within the same trading session as there is still significant uncertainty about both short and long term supply trends. A Manitoba sow barn tested positive for PEDv.

**Canadian delivered soymeal prices opened lower this morning.** The relatively slower start to harvest (3% vs. 8% 5-year average) has not offset bearish supply expectations. Field reports of 48+ bpa yields, a dryer forecast, and the general expectation of a massive US crop are pressuring in the short term; expectations of large S. American crops especially from Brazil are pressuring longer term. Local (Mankato, MN) soymeal basis tumbled \$40 CAD/MT yesterday on talk that new crop beans are starting to trickle in to the processors meaning MB producers saw meal under \$600 for the first time since August 20.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Best ratings on the corn crop in 20 years at 74% good/excellent, expectations of high yields supported by field reports, and harvest conditions that look almost ideal for the next week are sustaining pressure on the trade. Illinois yields are so far showing over 200 bpa (!) for a majority of reporting regions. There is no news regarding developments in the Chinese trade dispute which has seen bans on certain varieties of US corn and DDGs.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3			176.81 184.91	178.33 184.40	170.74 176.32	168.10 177.85	169.62 173.18	173.95 177.01	175.54 182.66	180.63 186.73	178.38 183.45
Maple Leaf Sig. #4			175.73 185.73	179.85 183.57	168.78 175.07	167.80 176.06	167.80 171.53	171.80 173.97	172.65 180.72	178.95 183.87	179.12 181.88
Soymeal Winnipeg Delivered	548	408	397	397	395	393	393				
Corn Wpg, Delivered	155	155	163	168							

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STRENGTH IN NUMBERS



Some Important h@ms Marketing Phone Numbers

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