



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, September 24, 2014

Forward contract prices opened higher this morning. US cash markets are called near steady, as hog numbers are slowly growing from their deficit created by PEDv losses in March and April. Last week slaughter was estimated at 6% lower than year ago levels, but heavier carcass weights narrowed the gap in pork production to only 2.4% lower than last year. Pork product values are representing the tight supply by trading at a 16% premium to price levels experienced one year ago. However, pork demand has not been static; it has benefitted from higher beef prices and a growing US economy that has contributed to higher consumer confidence. Lean Hog futures will likely be dominated by positioning ahead of Friday's Hogs and Pigs report. The report is expected to bring some certainty to projections of near term hog supplies, with some early analyst expectations pegging the market hog category down 4% from year ago levels. 2015 contracts could experience some significant movement, with ideas that the record high prices experience over the last 6 months may bring about expansion in the breeding herd.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Field reports showing higher yields than private or USDA expectations and good harvesting weather have been pressuring. In fact there is talk that even if USDA acreage 'overestimations' and disease issues materialize, exceptional yields will make up for any shortcomings. Interior old crop is still relatively tight, but new beans are making their way to crushers suggesting September and Early October meal spot prices could be lower.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. The upturn is largely thought to be technical positioning and will likely be viewed as a profit taking opportunity over the course of the next couple sessions. While it is likely that ethanol, export and feed customers will be incited to start buying amid the lows, the general consensus is that the market has not yet reached the bottom yet. Yields from field reports are above trend line and weather remains near ideal adding pressure and limiting the upside in the near term.

US Slaughter	
421,000	Tuesday
434,000	Tuesday (year ago)
W. Corn Belt	\$107.10
National Price	\$105.04
Daily Sig 3	\$217.12
Daily Sig 4	\$206.21
Thunder Creek	\$216.42
4-Month Fwd.	\$180.01
B of C Ex. Rate (Noon)	
\$1.1060 CAD/ \$0.9041 USD	
Cash Prices Week Ending September 20, 2014	
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

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3			178.21 180.25	179.74 185.86	171.63 177.26	170.75 178.79	172.28 175.86	176.47 179.54	177.35 184.52	182.47 188.61	179.35 184.43
Maple Leaf Sig. #4			177.12 187.02	181.26 185.02	169.67 176.01	170.40 177.00	170.40 174.16	174.26 176.44	174.42 182.55	180.76 185.72	180.07 182.82
Soymeal Winnipeg Delivered	550	408	399	399	397	395	395				
Corn Wpg, Delivered	155	155	163	168							

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