



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, September 29, 2014

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

US Slaughter	
2.095 mil.	Last Week
2.187 mil.	Last Week (year ago)
W. Corn Belt	\$108.66
National Price	\$106.65
Daily Sig 3	\$222.36
Daily Sig 4	\$211.35
Thunder Creek	\$222.45
4-Month Fwd.	\$173.30
B of C Ex. Rate (Noon)	
\$1.1164 CAD/ \$0.8957 USD	
Cash Prices Week Ending September 26, 2014	
Signature 3	98.10/216.27
Signature 4	93.36/205.82
h@ms Cash	92.68/204.32
Hylife	93.04/205.11
Thunder Creek	95.44/210.40
ISO Weans	\$62.86 US Avg.
Feeder Pigs	\$82.00 US Avg.
#1 Export Sows (+500lbs)	\$55.00 cwt. Tagged

Forward contract prices opened lower this morning. US cash markets are expected to start this week with steady to lower bids with the activity in Lean Hog futures expected to dominate the attention of most traders. Last week's slaughter was estimated at nearly 2.1 million hogs, about 4% lower than the same week last year, but reflects a trend to a normalized supply. This idea was largely confirmed by the USDA Hogs and Pigs report on Friday which anticipates a trend of growing supplies, relative to year ago levels, over the next 3 months. However, traders will also be factoring in the heavy carcass weights that have offset a large portion of the supply deficit so far in 2014, and will likely contribute to weekly pork production returning to year ago levels later this month. The futures market reacted decisively lower to the report as the average analyst estimate of every category, as reported by the Dow Jones survey, was lower than the USDA's projections. It is anticipated that the Spring and Summer months of 2015 could see multiple days of losses. Pork supplies are expected to be larger 8 – 10 months from now due to growth in the breeding herd unless the industry experiences another spike of PEDv cases as we move into the cooler winter months.

Summary of Hogs and Pigs Report Estimates		
	Avg. Estimate	USDA Actual
All Hogs and Pigs	96.6 %	97.7%
Kept for Breeding	101.4%	101.8%
Kept for Marketing	96.2%	97.3%

Source: Dow Jones; Meyer and Steiner, DLR

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher. Large yield estimates and thoughts that China is poised to ban an as-yet unidentified GMO variety is pressuring. However, talk of a Chinese ban is also thought to be a negotiating tactic as China is not a self-sufficient producer of beans. Support comes from some wetter weather over the weekend, some disease concerns, and the expectation that China will ultimately continue to buy US beans.

Canadian delivered corn prices opened even this morning. Wet weather over the weekend and some disease concerns are supportive. Early harvest is delayed somewhat but rain is thought to have covered no more than 10% of growing areas and the pace is expected to come in at around 20% when numbers are released later today. Disease concerns could bring yields down to 120 bpa on affected fields but the vast majority of reports are coming in at 200+ and a 174 bpa average is currently thought to be the number to estimate production.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3			171.90 180.09	173.44 179.58	164.43 170.07	164.88 171.61	166.42 170.01	170.91 173.99	172.96 180.16	178.11 184.28	176.27 181.40
Maple Leaf Sig. #4			171.03 181.14	176.18 178.96	162.70 169.06	164.73 170.06	164.73 168.51	168.89 171.08	170.18 178.35	176.56 181.54	177.15 179.94
Soymeal Winnipeg Delivered	429	398	393	393	391	389	389				
Corn Wpg, Delivered	155	155	163	168							

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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