



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, August 27, 2015

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

US Slaughter	
426,000	Wednesday
414,000	Wednesday (year ago)
W. Corn Belt	\$74.28
National Price	\$78.96
Daily Sig 3	\$181.13
Daily Sig 4	\$186.46
Thunder Creek	\$181.11
4-Month Fwd.	\$ 140.85
B of C Ex. Rate (Noon)	
\$1.3303 CAD / \$0.7517 USD	
Cash Prices Week Ending August 22, 2015	
Signature 3	183.93/83.43
Signature 4	183.89/83.41
h@ms Cash	182.43/82.75
Hylife	182.42/82.75
Thunder Creek	181.10/82.15
ISO Weans	\$19.04 US Avg.
Feeder Pigs	\$35.58 US Avg.
#1 Export Sows (Tagged)	
\$54.50 cwt. (+500lbs.)	

Forward contract prices opened lower this morning. US cash markets maintain a firm tone with the regions reporting mixed results. ISM and WCB were modestly lower compared to previous day while the National region was modestly higher. For the first time in a while, the carcass cutout value was lower with only butts showing some strength. This could indicate that large retail orders have been filled and some seasonal softness heading into the autumn. As well, hog weights were up 1.7 lbs. from previous week but it may be too early to tell if this is the seasonal shift as the really cool weather has not yet materialized. While this weight was lower than last year, it is significantly above the 5-year average. Lean hog futures are trading in a mixed and choppy pattern to start the session. There is talk that the upside could be reached for now as large slaughter numbers are expected well into the end of Q4, and despite talk of a major US packer increasing exports to China, the hard evidence available from the USDA and other sources does not support the recent price action, despite, perhaps, initiating it. Volatility this autumn heading into the New Year is expected until tangible evidence materializes, and the markets agree.

Canadian delivered soymeal prices opened lower this morning. Despite mostly bearish news, the soybean market is showing strength this morning. There were some sales reported to an unknown buyer this week but generally demand has been low amid a relatively high USD and some poor economic outlooks that are weighing on the trade. Weather is benign for a good crop finish and some evidence is starting to trickle in suggesting Brazil's plantings could be up 3-5% from this year. Support comes from lower yield expectations and a bounce on Wall Street as investor confidence returns to US markets.

US corn futures opened higher this morning. As with soybeans, some strength is returning to the corn market as confidence returns to US markets and spills over into commodities. Also like corn, however, a bearish tone remains in place; ethanol production is sown in the US and there are expectations of softening demand as low energy prices persist. Relatively high exchange rates are also making corn less competitive internationally, although the USD has shown some signs of softness recently.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		139.67 155.83	130.56 136.64	136.03 140.28	135.94 145.66	149.31 152.34	147.60 152.47	155.51 162.75	168.66 178.38	179.60 185.67	186.89
Maple Leaf Sig. #4		145.61 159.73	136.43 142.55	140.90 144.67	140.11 147.17	150.94 154.23	151.76 154.59	157.88 163.73	167.71 178.74	179.21 183.45	186.74
Soymeal Winnipeg Delivered	512	512	502	493	493	489	491				
Corn	Local delivered price available on request										

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All local h@ms soymeal deliveries will be suspended from September 1 to September 9 (or until further notice) as US suppliers shut down for maintenance.

STRENGTH IN NUMBERS

