



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, September 04, 2015

**Forward contract prices opened higher this morning.** US cash markets are finishing this week sharply lower with the Western Corn Belt region reporting an 8% decline in price over the last week. Packers have had abundant supplies available to them as producers have made the decision to be more current with their marketings by shipping more, lighter weight animals. Packers are benefitting hugely, with their operating margins estimated at close to \$35/hog, the highest so far this year. With the October Lean Hog futures gaining close to \$2.00/cwt this week, the contract is now trading at premium to the cash market which is rare at this time of year. Traders have been referencing firm pork cut-out values as the primary fundamental support, but further gains in the nearby contracts look limited by the higher production resulting from the larger-than-expected supplies. Producers without protection in the Oct-Dec timeframe should consider setting targets on 25% of their production, \$2-\$4/ckg higher than current forward prices.

**Canadian delivered soymeal prices opened lower this morning.** It is thought that the recent negative early morning sentiment (following persistently gloomy Chinese stock action) will be subdued and may even stabilize later-opening markets somewhat as the Chinese stock market is closed today for national holidays. Regardless, the soybean complex continues to see pressure as demand concerns materialize along with potentially increasing competition from Argentina following their elections. There is also talk of short covering ahead of the release of the September WASDE report next Friday; the report is expected to show lower yield estimates than the current USDA projections.

**US corn futures opened lower this morning.** US corn continues to see pressure amid ongoing concerns that the Chinese government will eminently pull subsidies for domestic corn farmers. The subsidy was initially designed to help Chinese corn farmers, but the artificially inflated corn price ultimately led to end users looking to import cheaper corn elsewhere as well as to a mass exit of small independent hog producers amid rising input prices where feed costs became too high. If the subsidies end, it is thought domestic end users will resume buying Chinese corn, likely leading to sustained pressure on US corn prices as demand for US corn and other US feed ingredients wanes.

US Slaughter	
427,000	Thursday
403,000	Thursday (year ago)
W. Corn Belt	\$68.40
National Price	\$76.42
Daily Sig 3	\$165.49
Daily Sig 4	\$179.03
Thunder Creek	\$165.16
4-Month Fwd.	\$ 146.21
<b>B of C Ex. Rate (Noon)</b>	
\$1.3199 CAD / \$0.7576 USD	
<b>Cash Prices Week Ending September 5, 2015</b>	
Signature 3	77.34/170.50
Signature 4	181.61/82.38
h@ms Cash	76.66/169.00
Hylife	179.71/81.52
Thunder Creek	179.20/81.28
ISO Weans	\$19.04 US Avg.
Feeder Pigs	\$35.58 US Avg.
#1 Export Sows (Tagged) \$56.50 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		144.84 162.60	135.74 141.80	141.20 145.44	140.39 150.10	153.74 156.78	154.66 158.31	158.91 166.44	171.47 181.20	182.42 188.49	189.10
Maple Leaf Sig. #4		152.94 166.26	141.43 149.89	145.89 149.65	144.41 151.46	155.23 158.52	157.41 160.23	161.17 167.30	170.64 181.47	181.94 186.18	189.48
Soymeal Winnipeg Delivered	499	490	484	484	480	484	484				
Corn	Local delivered price available on request										

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Early Bird registration fee until Sept. 30 is \$350

Registration links available at [www.hogdaysbrandon.ca](http://www.hogdaysbrandon.ca)

Or phone Everlito at 204-346-6080

This year's event to be held on December 2, 2015

