



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

# Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Thursday, September 10, 2015

## Forward contract prices opened mostly higher this morning.

US cash markets continue to sink lower even as wholesale pork prices maintain their steady trend. The result of these two trends has been a remarkable increase in gross operating margins of packers, currently estimated at \$38 per hog and the highest seen so far this year. Packers are having no difficulty finding live supplies to meet their production schedules, and wholesale prices have yet to experience any weakness in response to the ample pork production. With wholesale pork inventory growing, export sales will be critical to clear the market of its supply even as the high US Dollar makes it more difficult. While total exports in July were down from last year, sales of US pork to China improved significantly which continue to be the primary bullish demand factor that is most often referenced. However, Mexico continues to be the most important market for US pork, representing the largest volume and has proven to show the most consistent growth over the last several years. Nov-Dec forward prices are discounted by more than \$20/ckg from the current cash market, which is approximately double the normal seasonal break in prices seen over this timeframe, reflecting the abundant supplies and lackluster export sales forecast.

## Canadian delivered soymeal prices opened higher this morning.

One more day in this holiday shortened week before Friday's WASDE report is released and expected to reflect decreases in yield estimates. The latest comparisons show the USDA's July report at 46.9 bpa, the Pro Farmer Crop Tour at 46.5 bpa and average trade guesses coming in at 46.4 bpa with a range between 45.4 and 47.1 bpa. Given recent crop concerns, the higher estimates seem unlikely although the USDA is known to release 'surprises'. Crop conditions in good/excellent condition were unchanged at 63% week over week, compared to 72% last year.

US corn futures opened higher this morning. Mixed trading has materialized for US corn heading into Friday's WASDE report, but yields are expected to be downgraded by the USDA. Although preliminary yield estimates have varied widely between the regions that have begun harvest, the general expectation is yield estimates will be lowered. Last month's report showed 168.8 bpa, but average estimates are coming in around 167.6 bpa amid some talk that even this estimate is still a bit high. The Pro Farmer Crop Tour estimated 164.3 bpa and an unidentified private estimate last week suggested the national average could be 165.9 bpa.

US Slaughter	
432,000	Wednesday
412,000	Wednesday (year ago)
W. Corn Belt	\$66.88
National Price	\$73.89
Daily Sig 3	\$162.10
Daily Sig 4	\$173.42
Thunder Creek	\$161.93
4-Month Fwd.	\$ 144.64
<b>B of C Ex. Rate (Noon)</b>	
\$1.3223 CAD / \$0.7563 USD	
<b>Cash Prices Week Ending September 5, 2015</b>	
Signature 3	170.50/77.34
Signature 4	181.61/82.38
h@ms Cash	169.00/76.66
Hylife	179.71/81.52
Thunder Creek	179.20/81.28
ISO Weans	\$24.73 US Avg.
Feeder Pigs	\$38.94 US Avg.
#1 Export Sows (Tagged)	n/a (+500lbs.)

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		143.62 161.29	134.50 140.58	139.97 144.23	139.74 149.45	153.10 156.13	153.95 157.59	158.20 165.42	171.73 181.45	182.66 188.73	186.86 189.34
Maple Leaf Sig. #4		151.79 164.07	140.25 148.73	144.72 148.49	143.79 150.84	154.61 157.90	156.72 159.55	160.49 166.30	170.89 181.70	182.17 186.40	187.65 189.70
Soymeal Winnipeg Delivered	493	490	483	483	480	483	483				
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.



Limited h@ms soymeal deliveries have resumed from secondary plants.  
Call 204-235-2237 for details.

STRENGTH IN NUMBERS

