



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Tuesday, September 15, 2015

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

| US Slaughter | |
|---|-------------------|
| 430,000 | Monday |
| 403,000 | Monday (year ago) |
| W. Corn Belt | \$66.10 |
| National Price | \$72.44 |
| Daily Sig 3 | \$160.78 |
| Daily Sig 4 | \$170.63 |
| Thunder Creek | \$161.25 |
| 4-Month Fwd. | \$ 144.57 |
| B of C Ex. Rate (Noon) | |
| \$1.3270 CAD / \$0.7536 USD | |
| Cash Prices Week Ending September 12, 2015 | |
| Signature 3 | 162.55/73.73 |
| Signature 4 | 174.92/79.34 |
| h@ms Cash | 161.05/73.05 |
| Hylife | 172.95/78.45 |
| Thunder Creek | 168.40/76.39 |
| ISO Weans | \$28.05 US Avg. |
| Feeder Pigs | \$41.91 US Avg. |
| #1 Export Sows (Tagged) | n/a (+500lbs.) |

Forward contract prices opened higher this morning. US cash markets started this week on a steady-weak trend, similar to the last 2 weeks of trade. Abundant hog supplies have placed packers in an advantageous position as they benefit from wholesale pork prices that have been steady with levels experienced 3 weeks ago, while cash bids have decreased by \$8.00/cwt or about 10% over the same timeframe. As a result, packer margins have seen their most profitable 3 weeks in 2015, despite slow export sales. However, the normal seasonal trend sees wholesale pork prices move lower following the Labour Day holiday, and yesterday's weakness in ham values is a possible indicator of this year following the same trend. Ham prices have declined to their lowest level in a month largely due to the abundant supply, even as wholesalers attempt to build inventory ahead of holidays. Forward contract prices are higher this morning, recovering to last week's close, providing a better hedging opportunity for late fall marketings. October forward prices will likely struggle to gain much value beyond current levels without cash market support.

Canadian delivered soymeal prices opened higher this morning. Despite the bearish WASDE report on Friday, there was talk that the support on Monday was largely a function of short covering and a preliminary harvest report that showed a slower than average pace for the states reporting harvest activity. Despite being higher than last year, Kentucky, Missouri and Tennessee, all areas that began the season late due to heavy rainfall, are reporting harvest completion at more than 10% below the 5-year average pace for example. However, there is talk that yields could improve as the harvest moves west and north potentially meaning pressure for the trade in the mid-term.

US corn futures opened mixed this morning. US corn continued to show strength on Monday, following the trend established after Friday's supportive WASDE report. Unlike beans, numbers came in below market expectations and with futures prices that were already at multi-year lows, the market was poised to break higher amid the bullish news. Like soybeans, there is talk that yields are expected to improve as the harvest moves north and westward as well as expectations that some pressure could materialize as the harvest ramps up with improving yields. The current 167.5 bpa estimate, while lower than the USDA's previous 168.8 August estimate, is still the second highest yield on record.

| Fixed Forward Range (at opening) | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul |
|----------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 144.45 158.79 | 135.33 141.41 | 140.80 145.06 | 139.23 148.95 | 152.59 155.63 | 153.69 157.33 | 157.94 165.16 | 172.41 182.13 | 183.34 189.41 | 184.00 190.02 |
| Maple Leaf Sig. #4 | | 152.59 161.77 | 141.06 149.53 | 145.53 149.30 | 143.30 150.35 | 154.12 157.41 | 156.47 159.29 | 160.23 166.04 | 171.54 182.36 | 182.83 187.06 | 187.47 190.35 |
| Soymeal Winnipeg Delivered | 498 | 505 | 499 | 499 | 496 | 492 | 492 | | | | |
| Corn | Local delivered price available on request | | | | | | | | | | |

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STRENGTH IN NUMBERS

