



# Hog Margin Outlook

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Wednesday, September 16, 2015

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

US Slaughter	
430,000	Tuesday
415,000	Tuesday (year ago)
W. Corn Belt	\$67.94
National Price	\$71.77
Daily Sig 3	\$165.17
Daily Sig 4	\$168.96
Thunder Creek	\$166.40
4-Month Fwd.	\$ 143.46
<b>B of C Ex. Rate (Noon)</b>	
\$1.3263 CAD / \$0.7540 USD	
<b>Cash Prices Week Ending September 12, 2015</b>	
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 mixed this morning.** US cash markets surged higher in yesterday's trade, gaining about \$2.00/cwt across most of the regions. The move came at the same time as a drop in the pork cut-out values which combined, reduced packer operating margins by about \$6.00/hog yesterday. The weakest of the primal cuts were hams which decreased more than \$3.00/cwt to the lowest level since July. While live hog supplies remain abundant, they were a little lighter Tuesday and packers with healthy margins to work with looked to add hours to their Saturday production schedule in order to capitalize on the above average margins on fresh pork. Lean Hog futures responded positively to the cash market gains, with all active contracts rallying about US\$2.00/cwt. This has returned winter forward prices to some of their highest levels of the summer at a time when fundamental factors such as hog supply growth and export demand remain uncertain. Producers without protection in the Nov – Feb timeframe should consider targeting 25% of their production on gains of \$6-\$10/cwt over current forward prices.

**Canadian delivered soymeal prices opened lower this morning.**

According to the USDA's Farm Service Agency (FSA), September's crop acreage data will be uploaded soon, as of this writing. The significance of this is that "prevent plant" acreage (acreage not planted due to weather events) will be revealed. Rumors on the reports, however, suggest 840,000 acres were assigned to prevent plant acreage, a number that would be bearish relative to the 1 million acres the trade expected. Initial support in the trade is thought to be a function of short covering and technical positioning, but there is some choppiness to the trade this morning as the market digests new information and traders reposition themselves.

**US corn futures opened mixed this morning.** Current choppiness in the corn trade is thought to be a function of a number of factors including a general uncertainty on demand. The market is waiting for any official news that China will remove corn subsidies for its farmers which would have a pressuring effect on prices. It is thought they are artificially inflating world prices while end users turn to less expensive variants. As well, the relatively high USD is making corn less competitive globally relative to other major producers.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		142.65 158.67	133.57 139.62	139.02 143.25	138.93 148.61	152.24 155.26	153.52 157.15	157.76 165.61	172.58 182.29	183.51 189.58	183.48 190.19
Maple Leaf Sig. #4		150.79 161.62	139.31 147.75	143.76 147.51	142.97 150.00	153.75 157.03	156.28 159.09	160.03 166.48	171.71 182.53	183.00 187.23	186.61 190.52
Soymeal Winnipeg Delivered	497	501	496	496	493	489	489				
Corn	Local delivered price available on request										

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**STRENGTH IN NUMBERS**