



# Hog Margin Outlook

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Thursday, September 17, 2015

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

US Slaughter	
431,000	Wednesday
409,000	Wednesday (year ago)
W. Corn Belt	\$68.23
National Price	\$71.64
Daily Sig 3	\$164.81
Daily Sig 4	\$167.58
Thunder Creek	\$165.33
4-Month Fwd.	\$ 144.53
<b>B of C Ex. Rate (Noon)</b>	
\$1.3178 CAD / \$0.7588 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 mostly higher this morning.** After a big gain on Tuesday resulting from packers looking to add hours to their production schedules, cash bids were near steady Wednesday, with most processors achieving the desired result. Live hog supplies are surging, with cooler weather contributing to faster growth rates. This week's U.S. slaughter is expected to exceed 2.31 million hogs, which will represent the largest slaughter so far in 2015. Another indicator of supply and hog growth are hog weights that have spiked higher over the last 2 weeks. Iowa/S. Minnesota carcass weights are now only 1 lb. lighter than at this time in 2014, when weights ran consistently heavier compared to any year previous. Lean Hog futures are providing another good hedging opportunity for the remaining weeks of October, with forward contract prices running only slightly lower than current cash prices, even as hog supplies grow. Futures have failed to break through current levels in the Oct and Dec contracts for several months, suggesting that further upside in forward prices may be limited.

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

The soybean market turned lower yesterday following what almost all in the ag press were calling an initially confusing FSA acreage report. Soybean acreage increased by 1.210 million acres relative to the August report which added pressure. However, the confusion stemmed from 'prevent plant' acres. There were rumors that 2014 data was published at first in error as soybean prevent acres "were off" by ~1.3 million acres relative to August report. The error has since been corrected with prevented acres currently showing 2.219 million acres, a much more reasonable increase of 46,128 acres over the August report.

**US corn futures opened lower this morning.** Like soybeans, the corn trade was subject to pressure in part as a result of the questionable data released by the FSA yesterday. Planted acreage came in at 84.289 million acres, 1.141 million higher than the August report and those numbers are not in dispute. The questionable data concerned prevent plant acres that at first were reported to be over 700,000 acres lower than in August. A corrected version allotted 2.352 million acres to 'prevent plant', a more reasonable increase of 50,947 relative to the previous month.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		143.43 161.72	134.38 140.41	139.81 144.04	139.81 149.47	153.10 156.12	153.99 157.61	158.22 165.44	171.31 180.97	182.18 188.22	182.11 188.82
Maple Leaf Sig. #4		151.53 164.56	140.07 148.49	144.51 148.25	143.81 150.83	154.57 157.84	156.72 159.53	160.46 166.29	170.45 181.21	181.68 185.89	185.58 189.16
Soymeal Winnipeg Delivered	497	495	489	489	487	483	483				
Corn	Local delivered price available on request										

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**Some Important Phone Numbers**

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**STRENGTH IN NUMBERS**