



# Hog Margin Outlook

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Friday, September 18, 2015

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

| US Slaughter                                      |                     |
|---|---------------------|
| 431,000   | Thursday            |
| 414,000   | Thursday (year ago) |
| W. Corn Belt                                      | \$68.47             |
| National Price                                    | \$71.78             |
| Daily Sig 3                                       | \$165.49            |
| Daily Sig 4                                       | \$168.00            |
| Thunder Creek                                     | \$165.29            |
| 4-Month Fwd.                                      | \$ 144.53           |
| <b>B of C Ex. Rate (Noon)</b>                     |                     |
| \$1.3186 CAD / \$0.7584 USD                       |                     |
| <b>Cash Prices Week Ending September 19, 2015</b> |                     |
| Signature 3                                       | 163.41/74.12        |
| Signature 4                                       | 169.53/76.90        |
| h@ms Cash   | 161.91/73.44        |
| Hylife  | n/a                 |
| Thunder Creek                                     | 161.60/73.30        |
| 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 were near steady in trade yesterday, even as the pork cut-out continues to lose value. Wholesale pork prices were \$1.29 lower on the day, with the pork cut-out falling to \$82.35/cwt, the lowest price for the index in more than two months. Supply factors are bearish with hog weights now running only 1 lb. lighter than year ago levels coupled with evidence that this week's slaughter is on pace to be more than 14% larger than year ago. However, these factors did not stop Lean Hog futures from trading limit up yesterday, which took the nearby contracts to their highest levels of the summer. While forward prices are down slightly from yesterday's highs, they represent a good hedging opportunity given that they have hit the highest levels since early June. With the hog supply now exceeding USDA forecasted levels by more than 5% in recent weeks, producers should look to cover as much as 40% of their early winter production at current prices. The recent rally may not hold for long as traders start to focus on the upcoming Hogs and Pigs report due to be released in two weeks.

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

The soybean complex remains under pressure to finish off the week after some bearish acreage data was released this week along with forecast weather patterns across most critical growing areas that appear to be beneficial for finishing off crops and harvesting. China bought some shipments this week and there is talk that a Chinese trade delegation will publicly commit to purchasing more beans as they tour growing areas in the US, providing underlying support. However, meal demand from the region is expected to be curbed amid currency depreciation and waning demand from animal feed buyers.

**US corn futures opened lower this morning.**

Less expensive variants from Brazil and Argentina along with the relatively higher USD are factors making US corn less competitive globally and pressuring export business. This week's export sales have come in around the mid-point of expectations (533,000MT), but there is talk of further competition ahead and current cumulative sales are only at 19.9% of expectations compared to the 36.6% 5-year average. Cooperative weather (so far) and relatively poor domestic demand are also factors weighing on the trade to finish off this week's sessions.

| Fixed Forward Range (at opening) | Sep  | Oct              | Nov              | Dec              | Jan              | Feb              | Mar              | Apr              | May              | Jun              | Jul              |
|----------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3               |  | 143.47<br>162.20 | 134.46<br>140.46 | 139.86<br>144.07 | 139.61<br>149.22 | 152.82<br>155.83 | 153.54<br>157.15 | 158.51<br>165.13 | 171.14<br>180.76 | 181.97<br>187.98 | 180.41<br>188.58 |
| Maple Leaf Sig. #4               |  | 151.49<br>164.98 | 140.09<br>148.46 | 144.51<br>148.23 | 143.57<br>150.55 | 154.27<br>157.53 | 156.25<br>159.04 | 159.97<br>165.96 | 170.27<br>180.99 | 181.45<br>185.64 | 183.88<br>188.91 |
| Soymeal Winnipeg Delivered       | 488  | 483              | 477              | 477              | 476              | 472              | 472              |                  |                  |                  |                  |
| Corn                             | Local delivered price available on request |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |

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**Pre-register for Brandon Hog Days and save \$100!**

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

