



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, September 22, 2015

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

US Slaughter	
424,000	Monday
407,000	Monday (year ago)
W. Corn Belt	\$68.52
National Price	\$71.75
Daily Sig 3	\$166.42
Daily Sig 4	\$168.75
Thunder Creek	\$167.96
4-Month Fwd.	\$ 147.31
B of C Ex. Rate (Noon)	
\$1.3250 CAD / \$0.7547 USD	
Cash Prices Week Ending September 19, 2015	
Signature 3	163.41/74.12
Signature 4	169.53/76.90
h@ms Cash	161.91/73.44
Hylife	167.48/75.97
Thunder Creek	161.60/73.30
ISO Weans	\$31.69 US Avg.
Feeder Pigs	\$41.05 US Avg.
#1 Export Sows (Tagged) \$34.50/cwt. (+500lbs.)	

Forward contract prices opened higher this morning. US cash markets started the week with higher bids, as packers continue to benefit from profitable operating margins. The pork cut-out, the benchmark price for wholesale pork, has been relatively firm over the last two weeks even as hog supplies grow significantly. Last week's slaughter was estimated at 2.278 million hogs, at the low end of expectations, but still 12% larger than year ago levels. The USDA will release its September Cold Storage Report later today, with the market anticipating pork inventories near 650 million lbs. as of August 31. With the winter month Lean Hog futures trading at their highest levels since mid-June, the market may be exposed to a downturn in the event that the report shows significantly more pork in storage, indicating that consumption is not keeping up with supply at current prices. Further to downside risk, the 3rd Quarter Hogs and Pigs report will be released on Friday which is expected to show far more pigs coming to market in the next month than was anticipated by the June report. Producers looking to cover some of their winter price risk should consider taking action in advance of the report's release.

Canadian delivered soymeal prices opened lower this morning.

The Crop Progress report has shown the US soybean harvest to be at 7% completed, slightly better than expectations. Early harvest results are proving to be better than farmer expectations which ultimately could come in better than USDA estimates, adding pressure. Also adding pressure is the relative competitive disadvantage of US beans in international markets, in part, due to a high USD and also on news that the Brazilian currency is at a 12+ year low making the Brazil product attractive to customers the US market also serves. Crop conditions are at 63% good/excellent compared to the 10 year average of 57%.

US corn futures opened lower this morning.

US corn is under pressure following pressure in other grains and oilseeds markets and also due to the currency dynamics between the USA (relatively high) and Brazil (relatively low); there are expectations that the 'more affordable' Brazilian product will be in higher demand in the short to mid-term. Fundamentally, however, the US corn trade is poised for some support. Crop progress has come in slightly lower than trade expectations (10% compared to an expected 11%) and there is talk of yield results varying widely, adding some uncertainty early in the harvest.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		146.31 164.21	137.17 143.26	142.65 146.91	142.54 152.28	155.94 158.98	156.50 160.15	160.76 168.04	173.21 182.95	184.17 190.26	183.27 190.86
Maple Leaf Sig. #4		154.42 167.04	142.86 151.35	147.34 151.12	146.52 153.60	157.37 160.67	159.21 162.04	162.99 168.86	172.33 183.18	183.65 187.89	186.75 191.19
Soymeal Winnipeg Delivered	484	486	479	479	477	475	475				
Corn	Local delivered price available on request										

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