



Hog Margin Outlook

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Thursday, September 24, 2015

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

US Slaughter	
424,000	Wednesday
417,000	Wednesday (year ago)
W. Corn Belt	\$68.79
National Price	\$72.28
Daily Sig 3	\$167.89
Daily Sig 4	\$170.82
Thunder Creek	\$167.59
4-Month Fwd.	\$ 147.03
B of C Ex. Rate (Noon)	
\$1.3315 CAD / \$0.7510 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 lower this morning. US cash markets are trending lower this week after last week's surge and are following a more typical trend for this time of year. Recent slaughter levels and carcass weights indicate producers are current with their marketings, and that numbers may be moderating from recent weeks that averaged more than 11% larger than year ago levels. This may lower expectations for tomorrow's Hogs and Pigs report which is largely expected to show moderate growth in the hog supply. However, the market has been reacting to a sharp downturn in beef prices, as well as the significant increase in pork inventory reported in the Cold Storage report earlier this week. Producers should look to mitigate some of their price risk ahead of tomorrow's report, as prices are within \$3.00/cwt of contract highs for most of the 2016 Lean Hog futures. Ample supplies, slow export sales and increasing competition from beef are all factors that could negatively influence prices over the next 3-6 months.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. There is talking that some short term support could materialize today following an expected announcement by the Chinese president to purchase US soybeans (expected to be ~10 MMT) coupled with export sales numbers that will be released later this morning. However, the market is maintaining a bearish tone amid good harvest weather and bean yields that are coming in higher than expectations for the fields harvested so far. While today's export numbers could be supportive, the persistently higher USD (despite some recent softness) is not incenting international purchases.

US corn futures opened lower this morning. Despite multi-year lows and yield results that so far are coming in lower than average expectations for the areas under harvest, the US corn trade is under some pressure. Residual support that came from the wheat trade has reached the near term upper limit after a rally based on weather-related supply concerns. As well, the recent fall in the Brazilian currency (8% in one week) has pressured US corn as the Brazilian variant becomes less expensive comparatively. There is looming support in terms of global supplies, however, as Argentine stocks were recently dropped by 4.9MMT.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		146.16 164.09	136.98 143.10	142.49 146.77	141.97 151.77	155.45 158.51	155.99 159.67	160.28 167.36	172.50 182.29	183.51 189.63	183.00 190.24
Maple Leaf Sig. #4		154.35 166.96	142.72 151.26	147.23 151.03	147.23 153.14	156.94 160.26	158.77 161.62	162.56 168.23	171.66 182.56	183.04 187.30	186.57 190.62
Soymeal Winnipeg Delivered	464	462	461	461	463	463	463				
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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