



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, September 25, 2015

## Forward contract prices opened mostly higher this morning.

US cash markets traded near steady for most of this week, with packers still motivated to maximize their production schedules without losing discipline in their buying program in order to maintain excellent profitability. Industry focus is on this afternoon's release of the 3<sup>rd</sup> Quarter Hogs and Pigs report, which is anticipated to show modest growth in the hog supply and breeding herd. Changes in hog numbers across the different categories continues to show the recovery from the PEDv plagued numbers experienced a year ago, skewing the percent changes. It is interesting to note that if the analyst survey is correct, we would be dealing with the largest number of market hogs on record, surpassing the previous record (2012), by a significant margin. Wider trading ranges in the winter month Lean Hog futures may indicate greater uncertainty in the outcome of the report, as traders have differing opinions on the supply leading to different action ahead of this afternoon's report.

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading higher. While widely expected in the trade, a visiting Chinese delegation committed to 13.1 MMT of US beans, reinvigorating talk of sustained demand despite relatively poor economic outlooks for China. As well, some softening of the USD has sparked talk of increasing export demand potential. Recent evidence suggests that the end of September/beginning of October is consistently a good time for producers to review their soymeal needs and to consider risk management and a price certainty strategy.

## US corn futures opened higher this morning.

This morning's support is somewhat curious amid what otherwise would be considered a bearish fundamental and technical picture. Although still quite varied, yields have been improving in WCB regions currently harvesting, sparking talk of potential bumper crops. Like the US, the Chinese harvest is near ideal and large supplies are expected. Export sales remain lacklustre coming in at 20.8% compared to the 38.0% 5-year average and there are rumors that Brazilian corn is entering the US; Brazil corn remains cheaper exacerbated by recent Brazilian currency devaluation.

US Slaughter	
425,000	Thursday
414,000	Thursday (year ago)
W. Corn Belt	\$69.67
National Price	\$72.44
Daily Sig 3	\$170.50
Daily Sig 4	\$171.66
Thunder Creek	\$170.14
4-Month Fwd.	\$ 149.43
<b>B of C Ex. Rate (Noon)</b>	
\$1.3351 CAD / \$0.7490 USD	
<b>Cash Prices Week Ending September 25, 2015</b>	
Signature 3	167.56/76.00
Signature 4	169.87/77.05
h@ms Cash	166.06/75.32
Hylife	n/a
Thunder Creek	164.50/74.62
ISO Weans	\$31.69 US Avg.
Feeder Pigs	\$41.05 US Avg.
#1 Export Sows (Tagged)	
\$34.50/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		149.53 165.84	140.37 146.48	145.87 150.14	142.98 152.74	156.40 159.45	155.62 159.28	159.89 167.48	171.80 181.58	182.80 188.91	182.44 189.52
Maple Leaf Sig. #4		157.56 168.63	145.98 154.49	150.47 154.25	146.97 154.05	157.83 161.14	158.38 161.21	162.16 168.33	170.98 181.87	182.34 186.60	186.01 189.92
Soymeal Winnipeg Delivered	470	469	467	467	469	466	466				
Corn	Local delivered price available on request										

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**This year's event to be held on December 2, 2015**

