

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

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, September 28, 2015

For details call: (204)235-2237 or visit

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Forward contract prices opened mixed this morning.

US cash markets are expected to trade near steady this week, with packers running at or near their daily production capacities. The pork cut-out recovered more than \$1.50/cwt of its value Friday, with broad support from almost all pork cuts. However, the focus of today's trade is largely on the futures market, as traders react to Friday afternoon's Hogs and Pigs report. In general, the report had no huge surprises with the breeding herd and market hog numbers coming in within 1% of analysts' expectations. Interestingly, the category that encompasses all hogs and pigs came in at 68.395 million hogs, easily the largest number on record since the Quarterly reports have been published. The year-over-year percent changes of the different weight categories that reflect the market hog supply over

Quarterly Hogs and Pigs: Analysts' Estimates v. September Report			
	Range in % of 2014	Avg. in % of 2014	Sept. in % of 2014
All hogs	103.0-104.7	103.6	103.7
Breeding	99.0-101.0	100.3	101.1
Marketing	103.0-105.1	103.9	103.9
>180 lbs.	107.9-111.2	109.7	109.5
120-179 lbs.	104.9-108.4	106.6	108.0
50-119 lbs.	102.0-104.5	103.2	103.0
<50 lbs.	98.8-101.0	100.2	99.5

Source: Citing Urner Barry in Meyer and Steiner, DLR; USDA; h@ms' calculations

the next 5-6 months have a massive range with the lightest weight category matching year ago levels, while numbers of the heaviest animals are estimated to be 10% higher than 2014. The market reaction is modest with the nearby contracts down slightly, while most of the 2016 contracts are experiencing modest gains.

Canadian delivered soymeal prices opened higher this morning.

Decent fundamental information continues to pressure the trade as harvest weather has been near ideal and although there is some talk of varying yield results (but not as varied as corn), yields have been generally coming in above expectations. Double digit gains in harvest volume are expected in today's Crop Progress report despite some wet weather in certain areas. Keeping the downside in check are some positive demand indicators (lead by China who committed to 13+ MMT last week) and evidence that the trade is comparatively low and among key support levels.

US corn futures opened higher this morning. Strength in the corn trade is a function of residual support in other commodities (wheat) and equities markets. As well, there are reports that rain in the northern Midwest slowed the pace of the corn harvest somewhat, although crop progress this week is expected to have doubled from the previous week, from 10% to near 20%. There is talk that results from the recent Chinese government corn auction was 'dismal', suggesting that the anticipated pressure as a result of a cheaper product offering will not have as great of a negative influence as first thought.

US Slaughter	
2.276 mil.	Last Week
2.090 mil.	Last Week (year ago)
W. Corn Belt	\$69.34
National Price	\$72.21
Daily Sig 3	\$169.36
Daily Sig 4	\$170.79
Thunder Creek	\$170.35
4-Month Fwd.	\$ 148.72
B of C Ex. Rate (Noon) \$1.3325 CAD / \$0.7505 USD	
Cash Prices Week Ending September 25, 2015	
Signature 3	167.56/76.00
Signature 4	169.87/77.05
h@ms Cash	166.06/75.32
Hylife	168.60/76.48
Thunder Creek	164.50/74.62
ISO Weans	\$31.32 US Avg.
Feeder Pigs	\$43.23 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		149.23	140.06 146.17	145.56 149.84	143.19 152.98	156.65 159.71	155.47 159.14	159.76 167.01	172.02 181.80	183.02 189.13	180.21 189.75
Maple Leaf Sig. #4		157.29	145.69 154.22	150.19 153.98	147.19 154.30	158.09 161.41	158.26 161.10	162.05 167.88	171.19 182.09	182.56 186.82	182.44 190.14
Soymeal Winnipeg Delivered	471	470	468	468	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

