



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, September 29, 2015

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↓

Corn: ↑ CDN Dollar: ↓

US Slaughter	
431,000	Monday
373,000	Monday (year ago)
W. Corn Belt	\$68.96
National Price	\$72.38
Daily Sig 3	\$168.89
Daily Sig 4	\$171.66
Thunder Creek	\$170.66
4-Month Fwd.	\$ 148.72
B of C Ex. Rate (Noon)	
\$1.3361 CAD / \$0.7484 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) \$42.50/cwt. (+500lbs.)	

Forward contract prices opened higher this morning. US cash markets started the week with near-steady bids with last week's trade, despite the fact that hog numbers appear more abundant this week. Daily slaughter is expected to run over 430,000 hogs most days this week, in line with the latest Hogs and Pigs numbers reported on Friday. In spite of the abundant supplies, cash prices have resisted any weakness in large part due to increasing wholesale pork prices. In fact, the pork cut-out is trading at the same price as it was before the Labour Day weekend, ignoring the normal seasonal trend to weaken over the month of September. Bearish pressure does appear to be mounting however, as beef prices have lost about 10% over the last three weeks, hog supplies have grown and US export sales are struggling amid a strong US Dollar. Winter month forward contract prices are trading at their highest levels since these weeks have been available, which would allow producers to achieve the benchmark \$150/kg price over the next 4 months.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher. Support is a function of news suggesting that the Chinese pig herd could be expanding for the first time in years, and a small decrease in good/excellent condition in yesterday's Crop Progress report (63% vs. 64% last week). Although the pig expansion in China is modest (rising 1.3 million head vs. the 421.7 million herd according to the USDA), the thought is that feed demand could increase. Soybeans came in 21% harvested, a 14% jump from last week and higher than the 11% expectation (equating to approximately 11.5 million acres), keeping the upside in check as harvest ramps up.

US corn futures opened higher this morning. Strength in the US corn futures market follows some technical volatility and a Crop Progress report that came somewhat surprisingly with a bullish bias. Harvest advanced by 'only' 8%, a number that was lower than double digit expectations and slightly below the 19% 10-year average. The crop in good excellent conditions was equal to last week at 68% and slightly below 74% last year. The expectation is for further volatility and some uncertainty as field reports have varied widely for US corn so far with no indication of this trend reversing in the short term.

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		151.66	142.45 148.59	147.97 152.27	145.31 155.15	158.83 161.91	158.42 162.10	162.72 169.98	174.94 184.76	185.99 192.13	182.50 182.75
Maple Leaf Sig. #4		159.70	148.05 156.61	152.57 156.37	149.29 156.43	160.24 163.57	161.14 164.00	164.95 170.78	174.04 184.98	185.46 189.74	184.70 193.07
Soymeal Winnipeg Delivered	468	467	467	468	466	466	466				
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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