



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 07, 2015

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

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

Forward contract prices opened mixed this morning. US cash markets gained 40 to 50 cents in trade yesterday, while wholesale pork prices declined slightly. Packer operating margins have been strong for two months, with supplies ample and pork prices holding firm amid increased competition from beef and pork. Prices of chicken and cattle have dropped 10% and 20% respectively, over the last two months, while hogs are down approximately 5%. Lean Hog futures have been seeing more influence from the cattle market, with traders more cautious about the upside potential of pork as they believe beef may garner more attention from consumers after the large price drop. The latest pork export sales numbers were released yesterday by the USDA showing very modest growth in exports. Despite speculation that China was ramping up its purchases, China only bought approximately 10,000 metric tonnes of pork from the US, which amounts to less than 10% of total exports, far less than was anticipated by some industry analysts.

Canadian delivered soymeal prices opened lower this morning. US soybeans are trading higher. Initial pre-WASDE report short covering earlier this week was providing underlying support to a market that has been fundamentally bearish. However, there are rumors that exceptional demand amid lack of farmer sales is in part responsible for the recent strength. As well there is talk the USDA could lower ending stock estimates from the September report on Friday for the October report, a move that has been done in only 3 out of the last 10 years. Decent harvest pace, relatively high yields, and thoughts of large global stocks are factors keeping the upside in check.

US corn futures opened lower this morning. US corn has been showing strength, in part due to slow domestic producer sales amid low prices. The resulting 'tightness' has ushered in some strength to the market, and there is talk a sustained psychological \$4.00 USD/bu. mark is within reach, potentially inciting growers to sell once again. In fact, the trade briefly spiked yesterday but failed to maintain the high level. There is also talk that the relatively slow harvest (compared to expectations and the soybean pace) is a supportive function and that the USDA may lower ending stock estimates as well, adding some support on Friday.

US Slaughter	
433,000	Tuesday
428,000	Tuesday (year ago)
W. Corn Belt	\$71.52
National Price	\$74.41
Daily Sig 3	\$171.16
Daily Sig 4	\$172.44
Thunder Creek	\$171.16
4-Month Fwd.	\$ 147.25
B of C Ex. Rate (Noon)	
\$1.3056 CAD / \$0.7659 USD	
Cash Prices Week Ending October 03, 2015	
Signature 3	172.49/78.24
Signature 4	172.22/78.12
h@ms Cash	170.99/77.56
Hylife	171.42/77.76
Thunder Creek	169.00/76.66
ISO Weans	\$33.78 US Avg.
Feeder Pigs	\$46.00 US Avg.
#1 Export Sows (Tagged)	\$52.50/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		139.08 145.04	144.45 148.62	140.80 150.34	153.91 156.89	153.68 157.25	157.85 164.72	169.65 179.17	180.36 186.31	180.61 187.79	182.76
Maple Leaf Sig. #4		143.80 152.12	148.19 151.89	146.27 151.12	154.82 158.05	156.32 159.09	160.01 165.51	168.78 178.92	179.38 183.53	182.20 187.99	181.15
Soymeal Winnipeg Delivered	453	455	455	456	453	453					
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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