



# Hog Margin Outlook

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Thursday, July 24, 2014

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

US Slaughter	
395,000	Wednesday
401,000	Wednesday (year ago)
W. Corn Belt	\$125.21
National Price	\$129.42
Daily Sig 3	\$246.52
Daily Sig 4	\$246.75
Thunder Creek	\$246.00
4-Month Fwd.	\$193.70
<b>B of C Ex. Rate (Noon)</b> \$1.0741 CAD/ \$0.9310 USD	
<b>Cash Prices Week Ending July 18, 2014</b>	
Signature 3	116.82/257.55
Signature 4	113.10/249.33
h@ms Cash	112.41/247.83
Hylife	112.30/247.57
Thunder Creek	115.94/255.60
ISO Weans	\$77.77 US Avg.
Feeder Pigs	\$118.90 US Avg.
#1 Export Sows (+500lbs)	\$76.00/cwt. tagged

**Forward contract prices opened lower this morning.** US cash markets continued their lower trend this week, dropping another \$0.80/cwt at a time when packers are dealing with the tightest supplies seen so far this year. There are rumours that wholesale and retail customers for fresh pork are pushing back on the near record prices paid, causing packers to transfer that 'signal' into the price of live hogs. The most recent reports of hog weights indicate that producers are very current with their marketings, as carcass weights are down close to 2 pounds from last week. Lean Hog futures remain in a state of flux, dropping the daily limit two days in a row. Fund selling has contributed to the weakness, but support is being seen in the nearby contracts from the huge discount that is already worked into the market. Most analysts are expecting even tighter supplies in the month ahead, as the number of PED cases peaked in late February, corresponding with the hogs slaughtered in August and September. The Canadian Dollar has been trading in a tight range around US \$0.93, roughly a cent lower than levels experienced 2 weeks ago.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex received some support yesterday, with talk amongst traders that the market has underestimated demand for the last half 2014. However, this is a minor feature of the market in the context of excellent growing conditions leading to the possibility of a record large soybean crop.

**Canadian delivered corn prices opened even this morning.** The corn market has also found some support this morning, possibly originating from large speculators taking profits on some of their profitable short positions. Traders are now starting to talk about a deficit of moisture in some areas of the US Cornbelt, but by all accounts current weather remains very favourable to record breaking yields.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		221.23	204.98 213.35	200.01 208.41	177.90 187.77	179.38 185.80	176.17 176.17	169.75 177.66	169.75 171.23	172.19 177.14
Maple Leaf Sig. #4		218.43	199.35 213.28	197.32 201.91	174.76 187.76	179.54 183.17	173.66 174.05	168.01 175.96	167.82 168.78	168.28 173.27
Soymeal Winnipeg Delivered	540	540	542	445	441	441				
Corn Wpg. Delivered	182									

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

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HWY #6 AND RD 236
★
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LIGHT HOG PROGRAM!

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