



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, July 25, 2014

Hog Prices: ↑ Soymeal: ↑

Corn: ↔ CDN Dollar: ↓

US Slaughter	
393,000	Thursday
400,000	Thursday (year ago)
W. Corn Belt	\$126.05
National Price	\$128.15
Daily Sig 3	\$248.19
Daily Sig 4	\$244.35
Thunder Creek	\$248.29
4-Month Fwd.	\$195.85
B of C Ex. Rate (Noon)	
\$1.0742 CAD/ \$0.9309 USD	
Cash Prices Week Ending July 25, 2014	
Signature 3	112.92/248.95
Signature 4	111.93/246.75
h@ms Cash	111.24/245.25
Hylife	Unavailable
Thunder Creek	116.12/256.00
ISO Weans	\$77.77 US Avg.
Feeder Pigs	\$118.90 US Avg.
#1 Export Sows (+500lbs)	\$76.00/cwt. tagged

Forward contract prices opened higher this morning. US cash markets were higher in the Midwest, eliminating the sharply lower trend that developed earlier in the week. Cash markets lost close to \$5.00/cwt over the last week as packers responded to push back from their buyers that were threatening to push their operating margins into the red. Hog supplies remain tight, resulting in a projected slaughter of less than 280,000 hogs today. Heavier carcass weights continue to make up a good portion of the deficit in numbers, but there is some recent evidence that average weights are coming down, with this week's average coming in under 214 lbs. Lean Hog futures have dropped more than \$6.00/cwt this week as weak cash market fundamentals led to significant fund selling. The market will likely take it's lead from the cash market fundamentals that develop over the next few days, with the large discount built into the August, October and December contracts providing support. While most analysts believe that the biggest 'hole' in marketings is still to come, many believed the cash market gains were not sustainable at levels 30% higher than a year ago. Lean Hog futures are trading higher this morning, in part due to news that South Korea discovered a case of Foot and Mouth Disease, their first in 3 years.

Canadian delivered soymeal prices opened higher this morning. Recent forecasts suggest that rain will be scarce through large portions of the US Midwest, which could translate to increased stress for Soybeans at critical phase of development. However, the market is not yet willing to price this in and recover the \$2.00/bushel drop that the market has taken over the last month.

Canadian delivered corn prices opened even this morning. Corn futures continue to test new lows, with the market trading near the lowest level since July 2010. Excellent growing conditions have improved the prospect of record yields, with cooler temperatures seen throughout much of the Midwest during the critical pollination phase of development. Most analysts are now factoring in the US average yield of more than 170 bushels/acre.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		223.52	207.21 215.61	202.14 210.56	180.10 190.01	181.59 188.03	178.52 178.52	173.91 180.01	173.91 175.40	175.52 180.48
Maple Leaf Sig. #4		220.67	201.51 215.50	199.39 203.99	176.90 189.95	181.70 185.34	175.95 176.34	172.07 178.26	171.87 172.84	171.50 176.49
Soymeal Winnipeg Delivered	544	544	547	445	441	441				
Corn Wpg. Delivered	182									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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