



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

Hog Margin Outlook

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Thursday, June 11, 2015

Forward contract prices opened lower this morning. US cash markets lost another \$1.00/cwt in trade yesterday with abundant supplies the primary reason for the weakness. This week's slaughter is expected to exceed levels experienced in 2013 by more than 7%, representing growth in the industry far beyond expectations. The increased numbers are coming from growth and productivity gains that accumulated over the last 2 years, but were masked by the losses to PEDv. The number of new PEDv cases has fallen to the lowest level in close to 2 years, and fewer animals are being lost to the disease when infected. As a result of the significant increase in hog supply, all offered Lean Hog futures are trading at a discount to the current cash market. Fixed forward prices for the late fall and early winter are discounted by close to 20% from current cash prices, consistent with the average cash market trend from June to November. Producers should consider pricing a portion of their 4th Quarter production at current forward prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower despite yesterday's WASDE report which showed ending stocks for new and old crop both coming in lower than average market expectations and some strength in meal demand. However, some private analysts have stated that the lower numbers are not necessarily bullish as they fell well within range; active selling took place after the release of the report and there is talk the focus is now back to weather. There are expectations that US soybean planting progress could bring the total to 95% this week.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed and choppy. Like soybeans, WASDE report figures were within trade guesses but lower than average expectations. Also like beans, the report was not considered bullish, especially since US wheat stocks were higher than pre-report estimates, adding pressure that carried over into the corn trade. US corn is effectively planted in good soil conditions and non-threatening weather in the near term. A fairly large external shock would be required to quickly turn the trade higher.

WASDE Ending Stocks (in million bu.)			
	Pre-Report Avg. Est.	May Report	June WASDE
Corn '14/'15	1,859	1,851	1,876
Corn '15/'16	1,779	1,746	1,771
Soy '14/'15	339	350	330
Soy '15/'16	487	500	475

US Slaughter	
421,000	Wednesday
409,000	Wednesday (year ago)
W. Corn Belt	\$77.84
National Price	\$81.88
Daily Sig 3	\$175.03
Daily Sig 4	\$178.29
Thunder Creek	\$174.70
4-Month Fwd.	\$ 157.52
B of C Ex. Rate (Noon) \$1.2267 CAD/ \$0.8152 USD	
Cash Prices Week Ending June 06, 2015	
Signature 3	182.72/82.88
Signature 4	181.64/82.39
h@ms Cash	181.22/82.20
Hylife	180.19/81.73
Thunder Creek	181.10/82.15
ISO Weans	\$32.98 US Avg.
Feeder Pigs	\$55.70 US Avg.
#1 Export Sows (Tagged)	\$32.00 cwt. (+500lbs.)

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		171.12 177.33	159.32 171.39	149.72 155.36	139.71 152.81	131.20 136.87	136.30 140.28	136.30 148.81	143.74 149.38	146.56 149.94
Maple Leaf Sig. #4		170.52 175.33	163.24 169.25	150.34 162.80	145.62 152.70	135.07 142.10	139.03 142.54	139.03 146.95	147.60 149.57	147.49 152.08
Soymeal Winnipeg Delivered	468	467	451	445	434	432	432			
Corn Wpg, Delivered	190									

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