



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, June 18, 2015

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

US Slaughter	
425,000	Wednesday
367,000	Wednesday (year ago)
W. Corn Belt	\$76.82
National Price	\$80.24
Daily Sig 3	\$173.31
Daily Sig 4	\$175.31
Thunder Creek	\$173.22
4-Month Fwd.	\$ 147.85
B of C Ex. Rate (Noon)	
\$1.2308 CAD/ \$0.8125 USD	
Cash Prices Week Ending June 13, 2015	
Signature 3	177.84/80.67
Signature 4	179.93/81.62
h@ms Cash	176.34/79.99
Hylife	178.14/80.80
Thunder Creek	182.60/82.83
ISO Weans	\$24.90 US Avg.
Feeder Pigs	\$52.59 US Avg.
#1 Export Sows (Tagged) \$33.00 cwt. (+500lbs.)	

Forward contract prices opened mixed this morning. US cash markets are trending lower this week, reflecting the abundant hog supplies available to US packers. Hog numbers are coming in 7% higher than 2013 levels, far exceeding market expectations, and the last USDA Hogs and Pigs inventory estimates. It is not uncommon to have a period of 3 weeks that exceeds the normal seasonal trend by 5%, but the market is growing more concerned that the heavy supplies do not reflect a short term anomaly. The pork cut-out has performed reasonably well amidst the heavy supplies, holding its value steady of the last 3 weeks. However, the ham primal cut, which makes up one quarter of the carcass by weight, has failed to find any support over the last month and is valued 25% lower than levels experienced in the last week of June in 2013. With yesterday's Lean Hog future gains in the fall and winter timeframe, producers should look to cover half of their Sept-Dec production at current forward prices, given the possibility of hog supplies exceeding packer slaughter capacity.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading mixed to higher after seeing some strength over the past couple sessions in the wake of short covering; a liquidation of short positions by 'outside money'. While the weather is forecast to be the wettest precisely in areas where beans are left unplanted (~10 million acres at last estimate), many in the trade are still confident the bulk of the crop will be planted and USDA estimates left largely unchanged. In the meantime, market participants are covering short positions as weather, acreage and yield uncertainty ramp up.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. As with soybeans, the corn trade is currently subject to short covering activity, pushing the trade higher, as similar concerns regarding weather and its ultimate effect on production start to materialize. Some additional support comes from ethanol production that, although down from a week and a year ago, is estimated to require 102.9 million bu. of corn for the week compared to the 99 million needed to meet USDA projection estimates.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		165.32 165.88	152.25 163.82	142.75 148.34	132.51 144.79	124.14 129.72	129.16 133.07	129.16 142.76	137.70 143.32	139.95 143.32	143.32
Maple Leaf Sig. #4		165.72 168.10	157.17 162.75	144.40 156.74	139.34 145.72	128.97 135.89	132.86 136.32	132.86 141.94	142.59 144.55	141.51 146.08	146.08
Soymeal Winnipeg Delivered	480	473	460	452	440	439	439				
Corn Wpg, Delivered	190										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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