



Hog Margin Outlook

Meeting Your Marketing Needs

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

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Wednesday, June 24, 2015

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

Forward contract prices opened higher this morning. US cash markets traded slightly higher yesterday, but have not recovered from the weakness experienced over the last two weeks in a meaningful way. Pork product values lost almost all of the gains that were made earlier this week with the ham primal cut (making up 25% of the carcass by weight) struggling to maintain its value. The USDA's Cold Storage report showed ham inventory at 158 million lbs., up 34% from the 5-year average, but not significantly higher than 2013 levels. An increase in ham exports to Mexico would help to clear the market of the excess inventory, but the strong US Dollar and the possibility of tariffs being applied to US pork later this year in retaliation against the COOL laws could put this export market at risk. Producers who have not yet covered some of their fall production should consider pricing up to 50% of their expected production to manage the downside price risk ahead of Friday's release of the Hogs and Pigs report.

Canadian delivered soymeal prices opened mixed this morning. The late-planted soybean crop is being further delayed on thoughts the current bout of wet weather will continue to delay planting, and perhaps start to affect yield and subsequent production potential; uncertainty in final acreage and concerns regarding yield and production due to weather are the primary concerns at this stage. However, the market has backed off somewhat as it takes a pause in an effort to assess current risk premiums. Slow sales are pressuring this week but the forecast for more wet weather in the ECB is providing continued support.

Canadian delivered corn prices opened even this morning. Exceptional gains in US wheat due to a 'deteriorating' crop in the north and exacerbated by an inability to harvest in the US south are providing support for the corn trade. The weather has been supporting corn more directly as well. Talk of regional pooling and some flooding in fields has switched to talk of waterlogged fields in the ECB and continued condition downgrades that are masked by the national average numbers. For example, Ohio and Indiana downgraded crops in good /excellent condition by 19% and 15% last week compared to the 1% downgrade nationally.

US Slaughter	
422,000	Tuesday
400,000	Tuesday (year ago)
W. Corn Belt	\$75.57
National Price	\$78.99
Daily Sig 3	\$170.75
Daily Sig 4	\$172.84
Thunder Creek	\$170.64
4-Month Fwd.	\$ 141.43
B of C Ex. Rate (Noon)	
\$1.2327 CAD/ \$0.8112 USD	
Cash Prices Week Ending June 20, 2015	
Signature 3	174.02/78.93
Signature 4	176.07/79.86
h@ms Cash	172.52/78.25
Hylife	173.86/78.86
Thunder Creek	176.40/80.01
ISO Weans	\$21.89 US Avg.
Feeder Pigs	\$46.17 US Avg.
#1 Export Sows (Tagged) \$33.50 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		161.82	147.93 158.93	138.25 143.95	129.65 140.71	121.10 126.80	126.23 130.22	126.23 139.02	133.91 139.58	137.95 141.35	141.35 142.61
Maple Leaf Sig. #4		162.43	153.17 158.09	140.16 152.73	136.36 141.88	126.21 133.27	130.18 133.72	130.18 138.35	139.01 140.98	139.62 144.23	144.23 144.36
Soymeal Winnipeg Delivered	487	485	479	472	464	464	464				
Corn Wpg, Delivered	200										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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