



Hog Margin Outlook

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Thursday, June 25, 2015

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

Forward contract prices opened lower this morning. US cash markets moved approximately \$1.00 USD/cwt. lower in trade yesterday as abundant supplies have packers able to cut their cash bids without running short of supplies to meet their slaughter schedules. Pork product prices were slightly higher, not reflecting a typical bullish trend ahead of the US Independence Day long weekend. Traders are preparing for tomorrow afternoon's release of the USDA's Hogs and Pigs report. Bloomberg newswire reported their pre-report survey results earlier this week and appear to be at odds with the recent supply trend. Analysts that responded to the survey had the heaviest weight category of market hogs at 4.7% over 2013 levels, whereas the recent hog slaughter has been near double these levels. Producers should look to cover as much as 50% of their fall price risk ahead of tomorrow's report which could result in significant downside price risk.

Quarterly Hogs and Pigs: Analysts' Estimates		
	% from Last Year	% change from 2013
All hogs	107.8	1.8%
Breeding	102.0	1.5%
Marketing	108.6	2.0%
>180 lbs.	109.9	4.7%
120-179 lbs.	109.4	1.2%
50-119 lbs.	108.3	0.3%
<50 lbs.	107.5	2.5%

Source: Bloomberg, Meyer and Steiner

US Slaughter	
418,000	Wednesday
395,000	Wednesday (year ago)
W. Corn Belt	\$74.54
National Price	\$78.84
Daily Sig 3	\$169.63
Daily Sig 4	\$173.74
Thunder Creek	\$169.16
4-Month Fwd.	\$ 136.79
B of C Ex. Rate (Noon) \$1.2415 CAD/ \$0.8055 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.)	

Canadian delivered soymeal prices opened higher this morning. Persistent rain in the southern Midwest and into the ECB is cited as a prime factor in what could result in downgrades to next week's crop production report estimates. Despite this, farmers are still attempting to get the remainder of the crop planted ahead of the June 25 insurance deadline between bouts of rain if fields aren't too soggy. There is some talk that farmers may still plant after the deadline as the economic conditions are currently favourable. On the other hand, there is talk Argentine meal could be imported suggesting current US meal is priced a little too high.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. Decent demand from the export and ethanol markets as well as an ongoing weather premium is supportive for the nearby and deferred trade. Acreage uncertainty is also a factor in trade direction and volatility. Private estimates are starting to come out ahead of the USDA's Acreage report (June 30) with an average of 89.13 million and ranging between 88.10 and 91.74 million acres. The higher estimates reflect thoughts that more acres could have been planted in the northwest which could be confirmed by next Tuesday.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3			143.90 157.62	135.67 139.93	125.56 136.55	119.33 123.86	124.43 128.39	124.43 134.16	132.46 138.13	135.46 141.12	141.12 145.85
Maple Leaf Sig. #4			150.31 157.68	139.34 149.87	133.44 140.90	124.88 130.59	129.05 132.56	129.04 134.53	137.16 140.24	139.84 144.45	144.45 146.75
Soymeal Winnipeg Delivered	497	494	486	479	471	471	471				
Corn Wpg, Delivered	210										

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WINNIPEG LIVESTOCK
Hwy #6 AND RD 236

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