

Monday, June 29, 2015

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

## Forward contract prices opened higher this morning. US

cash markets are called to start the week steady, with packer operating margins profitable, but abundant hog supplies will likely prevent the normal seasonal support that is typical at this time of year. The focus of most industry participants is on the futures market reaction to the USDA's Hogs and Pigs Report. Generally, the report showed near term inventory to be larger than expected while indicators for longer term supplies (Breeding herd, Farrowing intentions) were smaller than expected. However, going into the report, the industry had diverse opinions on the coming hog supply, as reflected by the 4% range of pre-report estimates. As a result, the market reaction to the report was dulled, with the nearby contracts dropping less than \$1.00/cwt this morning, while the 2016 contracts are finding some support. The report's market hog inventory has some discrepancies between weight categories, which is difficult to explain due to the effect of PEDv on market hog numbers. Producers should still look to cover some of their fall production, as the report does little to alleviate concerns of a heavy market hog supply this fall.

Quarterly Hogs and Pigs: Analysts' Estimates v. June Report				
	% from Last Year	% from 2013	June from Last Year	June from 2013
All hogs	107.8	101.8	108.66	102.6
Breeding	102.0	101.5	101.21	100.7
Marketing	108.6	102.0	109.40	102.8
>180 lbs.	109.9	104.7	113.40	108.0
120-179 lbs.	109.4	101.2	111.47	103.2
50-119 lbs.	108.3	100.3	108.73	100.7
<50 lbs.	107.5	102.5	106.57	101.6

Source: Bloomberg, Meyer and Steiner, Hightower, USDA, h@ms calculations

**Canadian delivered soymeal prices opened lower to even this morning.** US soybean futures are trading higher. The weather forecast across many critical growing areas calls for less rain (but rain nonetheless), providing some relief for the drenched Midwest which has seen as much as 14 inches of rain in the month of June (Indiana). Traders are looking ahead to Tuesday's acreage report, but with the persistently wet weather, there is already talk that acreage will be down from the earlier-released Planting Intentions report, instead of the 1-2 million acres increase that was thought possible with normal weather.

**Canadian delivered corn prices opened higher this morning.** As with soybeans, the US corn crop could suffer from wet weather and thoughts that yields could come in much lower than expected are starting to become a very real concern. This much rain at this stage of development is currently the fear as planting progress ended on a very good note. There is some cautious optimism that July could become drier. However with more rain forecast, farmers can only wait for the systems to pass; the exact opposite conditions of what western producers in/near the Palliser Triangle currently face.

US Slaughter	
2.143 mil.	Last Week
1.910 mil.	Last Week (year ago)
W. Corn Belt	\$74.06
National Price	\$78.02
Daily Sig 3	\$167.78
Daily Sig 4	\$171.14
Thunder Creek	\$167.63
4-Month Fwd.	\$ 139.16
<b>B of C Ex. Rate (Noon)</b> \$1.2359 CAD/ \$0.8091 USD	
<b>Cash Prices Week Ending June 27, 2015</b>	
Signature 3	169.61/76.93
Signature 4	173.06/78.50
h@ms Cash	168.11/76.25
Hylife	170.82/77.48
Thunder Creek	173.00/78.47
ISO Weans	\$18.91 US Avg.
Feeder Pigs	\$41.72 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			146.60 157.07	138.63 142.61	129.53 139.53	123.26 127.82	128.39 132.39	128.39 137.49	135.79 141.45	139.98 145.64	145.64 149.65
Maple Leaf Sig. #4			152.98 157.17	141.96 152.54	137.37 143.84	128.75 134.49	132.95 136.48	132.26 137.75	140.38 143.45	144.22 148.82	148.82 150.40
Soymeal Winnipeg Delivered	507	506	496	489	481	481	481				
Corn Wpg, Delivered	212										

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### IMPORTANT NOTICE

h@ms Marketing Services Risk Management and Main Office will be closed on Wednesday July 1 for **Canada Day**. Normal business operations resume July 2.

STRENGTH IN NUMBERS