



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, July 17, 2015

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

Forward contract prices opened lower this morning. US cash markets are finishing the week lower, with packer bids reflecting the abundant hog supply available to them. This week's slaughter is expected to come in near 2.1 million hogs, larger than last week and close to 5% larger than the same week in 2013. The pork cut-out has been relatively stable, but the primal cuts that make up the benchmark pork prices continue to experience volatility. Recently the higher priced cuts such as loins and ribs have come under some pressure, while ham values have moved off of their 2 month lows. Lean Hog futures are trading lower this morning, pressured by the heavy hog supplies and their effect on the cash market along with concerns that hog numbers will maintain the higher-than-expected trend. However, the weak Canadian Dollar has helped forward prices maintain their values, with the Canadian Dollar trading at its lowest level in more than 6 years. Producers without protection in Sep-Dec timeframe should look to cover up to half of their production to mitigate the effect of heavy pork and chicken supplies this fall.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. On the import/export front, there is talk that S. American beans are making their way into the US and also that China continues to purchase beans from Argentina. As well, new crop sales came in higher than market expectations but remain sluggish, and cumulative sales are 44% lower than the same time last year, adding pressure. In terms of the US weather, higher temperatures are expected across much of the Midwest as early as this weekend, but there is talk that the plants can sustain some heat due to the more than adequate soil moisture.

US corn futures opened lower this morning. As with soybeans, cumulative new crop sales have come in lower than last year by 25%, reflecting a weak export market; US corn is less competitive relative to other suppliers and there is talk S. American corn is a main competitor with cheaper variants. Unlike soybeans, forecast heat starting this weekend could further stress waterlogged crops (mostly in the ECB) during the critical pollination phase, however with only ~20% of total corn production generated in the ECB, there are thoughts national production could be offset in the remainder of the US.

US Slaughter	
422,000	Thursday
394,000	Thursday (year ago)
W. Corn Belt	\$76.10
National Price	\$76.11
Daily Sig 3	\$180.51
Daily Sig 4	\$183.69
Thunder Creek	\$180.10
4-Month Fwd.	\$ 142.33
B of C Ex. Rate (Noon)	
\$1.2939 CAD/ \$0.7729 USD	
Cash Prices Week Ending July 18, 2015	
Signature 3	181.50/82.33
Signature 4	181.51/82.33
h@ms Cash	180.00/81.65
Hylife	n/a
Thunder Creek	180.90/82.06
ISO Weans	\$22.58 US Avg.
Feeder Pigs	\$41.87 US Avg.
#1 Export Sows (Tagged) \$33.00 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		156.63 170.15	144.13 150.68	134.05 144.84	125.12 131.07	130.48 134.64	130.48 141.66	145.22 148.19	145.10 149.85	152.82 159.43
Maple Leaf Sig. #4		161.93 172.14	147.18 158.24	139.96 148.91	130.96 136.96	135.35 139.04	135.35 143.16	146.84 150.06	149.14 151.90	155.12 160.35
Soymeal Winnipeg Delivered	550	550	539	529	530	530	525			
Corn	Local delivered price available on request									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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