



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

Hog Margin Outlook

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Friday, July 24, 2015

Forward contract prices opened higher this morning. US cash markets are finishing the week steady to slightly higher than where they ended last week, despite packers having little trouble finding supplies to meet this week's slaughter schedule of approximately 2.09 million hogs. The pork cut-out has gained more than \$2.00/cwt this week and is trading at its highest level in more than a month. The market seemed unimpressed with the increase in pork inventory reported on the Cold Storage report, which showed an 18% increase in pork in storage over last year's levels. Slow export sales and a 7% increase in chicken production have contributed to the slow movement of pork, with loins and hams struggling to clear the market at current prices. The strong US Dollar has been a large impediment to export sales, with Asian consumers finding European supplier more price competitive. Fall month forward contract prices are trading close to their highest level over the last month, due in large part to the Canadian Dollar trading at its lowest level in more than six years.

Canadian delivered soymeal prices opened lower this morning. Growing conditions in widespread parts of the US Midwest are near ideal, with temperatures warm and soil conditions moist. Soybean futures have dropped approximately 5% over the last 10 days, which has been driven by ideas of abundant world supplies as South and North America are expecting record or near record yields.

US corn futures opened lower this morning. Corn is continuing its bearish trend, with near ideal conditions for the Midwestern crop being the primary factor under consideration. Adding to this weakness is the possibility of a sell-off in the 'Managed Money' speculative long position which was the largest it has been in a year.

US Slaughter	
424,000	Thursday
394,000	Thursday (year ago)
W. Corn Belt	\$75.97
National Price	\$78.83
Daily Sig 3	\$181.45
Daily Sig 4	\$182.32
Thunder Creek	\$181.35
4-Month Fwd.	\$ 145.98
B of C Ex. Rate (Noon)	
\$1.3030 CAD/ \$0.7675 USD	
Cash Prices Week Ending July 25, 2015	
Signature 3	179.72/81.52
Signature 4	183.02/83.02
h@ms Cash	178.22/80.84
Hylife	Not Available
Thunder Creek	181.10/82.15
ISO Weans	\$19.35 US Avg.
Feeder Pigs	\$38.65 US Avg.
#1 Export Sows (Tagged)	\$37.50 cwt. (+500lbs.)

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		162.07 174.73	149.49 156.08	138.93 150.20	129.93 135.93	135.33 139.53	135.33 147.84	151.42 154.41	150.23 155.00	157.99 165.27
Maple Leaf Sig. #4		167.28 176.29	152.42 163.56	144.75 154.16	135.69 141.73	140.11 143.82	140.11 149.18	152.88 156.12	154.15 156.93	160.16 166.06
Soymeal Winnipeg Delivered	546	546	531	514	514	514	509			
Corn	Local delivered price available on request									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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