



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

Hog Margin Outlook

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Tuesday, July 28, 2015

Forward contract prices opened higher this morning. US cash markets moved lower in trade yesterday, with the daily slaughter larger than most had anticipated at 421,000 hogs. The hog supply continues to outpace even the most bearish expectations for this time of the year, but uncertainty related to PEDv has some market participants anticipating a drop in hog supply. For context, the weekly hog slaughter has been running more than 13% larger than last year's levels and around 6% larger than 2013. The USDA forecast that the hog supply would return to 2013 levels by the end of August, but there has been no sign of this change in trend yet. The heavy supply would be more manageable if export sales would surge based on the lower values, but the relatively high US Dollar has taken away some of this incentive. Forward prices are trading near steady with levels seen yesterday, with the bearish fundamental news being offset by the already large discount the Sep-Dec contracts hold to the current cash market.

Canadian delivered soymeal prices opened lower this morning. The US soybean crop continues to look good, as confirmed by the latest Crop progress report. The market had anticipated a net improvement in the crop condition across all regions, but this did not occur. 62% of the US soybean crop was rated Good to Excellent, which is steady with last week's rating, and down 9% from year ago levels, which resulted in record yields.

US corn futures opened lower this morning. The condition of the Corn crop improved by 1% over last week's levels, with 70% of the crop rated Good to Excellent. The report showed that almost 80% of the crop was at the "silking" stage of growth, which is critical in determining the yield potential of the crop. New crop corn futures have fallen 16% over the last two weeks, responding to the favourable weather.

US Slaughter	
421,000	Monday
393,000	Monday (year ago)
W. Corn Belt	\$74.15
National Price	\$78.40
Daily Sig 3	\$176.81
Daily Sig 4	\$181.03
Thunder Creek	\$176.40
4-Month Fwd.	\$ 139.17
B of C Ex. Rate (Noon)	
\$1.3009 CAD/ \$0.7687 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	180.99/82.10
Thunder Creek	181.10/82.15
ISO Weans	\$18.39 US Avg.
Feeder Pigs	\$38.56 US Avg.
#1 Export Sows (Tagged) \$41.00 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		157.54	145.03 151.58	134.29 145.61	125.36 131.32	130.72 134.89	130.72 145.06	148.64 151.63	149.79 154.57	157.55 164.49
Maple Leaf Sig. #4		162.82	148.06 159.13	140.19 149.65	131.20 137.20	135.58 139.27	135.58 146.48	150.19 153.43	153.73 156.50	159.74 165.29
Soymeal Winnipeg Delivered	529	529	516	499	497	497	497			
Corn	Local delivered price available on request									

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HWY #6 AND RD 236

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