



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, July 29, 2015

Forward contract prices opened higher this morning. US cash markets gained more than \$2.00/cwt in trade yesterday, even as hog supplies continue to exceed expectations with yesterday's slaughter pegged at 424,000 hogs. It is difficult to explain why packers are bidding up the cash market when they are all finding supplies easier to source, but the gains in wholesale pork values have allowed them to pay more for the live supplies while maintaining their profitable operating margins. Primal ham values have finally shown some support after nearly two months of stagnant prices, gaining more than \$4.00/cwt in trade yesterday. The optimism from yesterday's cash market move is being seen in the futures market as well, with the October and December contracts gaining more than \$2.00/cwt over the last day and approaching some of the highest prices seen in the last month. Producers looking to add price protection in the Sep – Dec period should consider current forward prices as good value, given the uncertainty in hog supply and the impact that this will have on the fall cash market.

Canadian delivered soymeal prices opened higher this morning. The soybean complex continues to trade largely based on weather influences on the North American crop. Improving crop conditions, with some of the best ever experienced in the northern regions, have largely erased the late June rally that took soymeal prices to the highest levels this year. However, technical indicators appear supportive over the near-term and a bounce in prices is still possible.

US corn futures opened lower this morning. New crop corn futures are down 15% from the highs put in two weeks ago, largely on stable crop conditions that have been reported for almost all of the US Midwest. Funds appear to be exiting from their huge net long position that they had accumulated over early July, which is contributing to the current weakness.

US Slaughter	
424,000	Tuesday
406,000	Tuesday (year ago)
W. Corn Belt	\$76.17
National Price	\$78.41
Daily Sig 3	\$180.58
Daily Sig 4	\$180.02
Thunder Creek	\$180.72
4-Month Fwd.	\$ 144.91
B of C Ex. Rate (Noon)	
\$1.2934 CAD/ \$0.7732 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		164.15	151.69 158.22	138.93 152.39	130.03 135.96	135.37 139.52	135.37 148.64	154.02 155.21	151.15 155.93	158.92 165.85
Maple Leaf Sig. #4		169.18	154.48 165.50	144.65 156.18	135.68 141.66	140.05 143.73	140.05 149.95	153.66 156.90	155.05 157.82	161.06 166.61
Soymeal Winnipeg Delivered	534	534	519	502	500	500	501			
Corn	Local delivered price available on request									

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