



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

Hog Margin Outlook

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Friday, July 31, 2015

Forward contract prices opened lower this morning. US cash markets had a volatile week, but despite all of the ups and downs, the cash market is trading at the same level as it was one week ago. Wholesale pork prices however, have made gains over the week, largely due to an improvement in belly and ham prices which collectively represent about 40% of the pork carcass. Primal ham values made a critical move higher, touching \$60/cwt in trade yesterday, representing an 8% increase from trading levels experienced last week. This week's slaughter is looking like it will be close to 2.13 million hogs, the largest in a month and more than 6% higher than 2013 levels. Should the hog supply follow the normal seasonal trend, we can expect a sharp increase in the numbers over the next month, which will make it difficult to see cash market gains without a major change in pork export sales volumes. This week's large hog slaughter is the primary bearish influence on Lean Hog futures, with October and December contracts down more than \$2.00/cwt from their recent highs put in earlier this week.

Canadian delivered soymeal prices opened lower this morning. An ideal forecast for the further development of the US soybean crop continues to leave the market in a bearish trend. Support appears to be coming from the soybean meal portion of the complex where expectations for strong domestic feed demand is the primary factor. While new crop export sales had an impressive week, sales volumes are down close to 50% from levels seen last year, in part because of a large South American crop.

US corn futures opened higher this morning. With new crop corn values falling another 9% this week, the feedstuff pencils out better in a Western Canadian ration than it has in weeks, in spite of the strong US Dollar. With ideal weather forecast for much of the Cornbelt, the upside potential to Corn values over the short term appears limited.

US Slaughter	
425,000	Thursday
399,000	Thursday (year ago)
W. Corn Belt	\$75.94
National Price	\$78.69
Daily Sig 3	\$181.32
Daily Sig 4	\$181.94
Thunder Creek	\$182.99
4-Month Fwd.	\$ 140.97
B of C Ex. Rate (Noon)	
\$1.3026 CAD/ \$0.7677 USD	
Cash Prices Week Ending August 01, 2015	
Signature 3	180.09/81.69
Signature 4	180.91/82.06
h@ms Cash	178.59/81.01
Hylife	179.19/81.28
Thunder Creek	179.70/81.51
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)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3	159.66	147.12 153.69	135.75 147.76	126.79 132.76	132.17 136.35	132.17 144.61	148.18 151.16	147.23 151.99	154.96 162.38	167.15 173.71
Maple Leaf Sig. #4	164.89	150.10 161.19	141.63 151.76	132.61 138.62	137.00 140.70	137.00 146.03	149.72 152.94	151.21 153.98	157.21 163.25	166.36 172.14
Soymeal Winnipeg Delivered	540	520	498	497	496	491				
Corn	Local delivered price available on request									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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