



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit

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Friday, August 21, 2015

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

US Slaughter	
427,000	Thursday
406,000	Thursday (year ago)
W. Corn Belt	\$75.51
National Price	\$79.35
Daily Sig 3	\$181.04
Daily Sig 4	\$184.22
Thunder Creek	\$180.85
4-Month Fwd.	\$ 137.48
B of C Ex. Rate (Noon)	
\$1.3080 CAD / \$0.7645 USD	
Cash Prices Week Ending August 22, 2015	
Signature 3	183.93/83.43
Signature 4	183.89/83.41
h@ms Cash	182.43/82.75
Hylife	n/a
Thunder Creek	181.10/82.15
ISO Weans	\$21.06 US Avg.
Feeder Pigs	\$32.54 US Avg.
#1 Export Sows (Tagged) \$53.50 cwt. (+500lbs.)	

Forward contract prices opened lower this morning. US cash markets lost some footing in the ISM and WCB reporting regions, coming in \$0.865 USD/cwt lower on average Friday; the National base price held steady and will close the week higher by \$0.17. Cut-out values have started to decrease with only picnics showing some resilience in yesterday's report. The recent turn lower is not considered to be indicative of the weakness expected approaching the Labour Day long weekend, although as retailers fill their orders, grilling cuts will likely come under pressure. Lean hog futures are also under some pressure but trading choppy over the past few sessions. There is talk that a seasonal increase in fall production will be smaller than in the past due to already large supplies plus thoughts that relatively cheaper pork will be able to compete effectively with beef, providing underlying support. Regardless, expectations are for large supplies in Q4. Furthermore, in a recent report released by Statistics Canada, "mild" Canadian expansion and a rebounding pigs per litter number suggests Canadian supplies will be eminently higher, further supporting the idea of higher North American hog supplies to close out 2015.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower, following initially supportive US export data released yesterday. Thursday's report showed new crop sales at 784,000MT, nearing the higher pre-report estimate. Old crop sales were less impressive at 46,400, but with USDA expectations already surpassed, even this small number was considered supportive. Despite this news, fears of an economic slowdown in China and yesterday's drop in the US stock market are pressuring markets this morning.

US corn futures opened lower this morning. Recent strength in corn is linked to news that Argentina's plantings are expected to be 20% lower than last year and crop tours that have reported yields falling short of USDA expectations in some regions. A report from Reuters suggesting the Chinese government will maintain price supports this year and not likely consider a market oriented approach until 2017 is also supportive. Pressure comes on thoughts that new crop corn demand will be likely be weak in the face of a high USD, current global economic conditions, and a large drop in the US stock market yesterday which pressured commodities.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		147.96 147.96	135.89 148.64	126.86 132.88	132.28 136.49	132.28 143.02	146.63 149.64	146.63 151.45	154.45 161.23	167.23 176.83	176.83
Maple Leaf Sig. #4		150.97 153.06	141.84 152.68	132.75 138.81	137.18 140.91	137.18 144.56	148.29 151.55	150.73 153.53	156.79 162.17	166.47 174.84	177.17
Soymeal Winnipeg Delivered	513	513	500	492	492	488	492				
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

