

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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, August 31, 2015

## Forward contract prices opened higher this morning.

US cash markets are expected to trade lower this week, pressured by the ample live supplies that are available to packers. Last week's US slaughter came in at 2.214 million hogs, close to 11% larger than year ago levels and still significantly higher than the USDA's numbers from the June Hogs & Pigs report. It is common for hog numbers to climb 5 - 7% over the next month, which typically results in the further deterioration of prices. The pork cut-out experienced some of this weakness in the past week, losing approximately \$2.50/cwt to its lowest value for the benchmark index in a month. On the demand side, ham prices have been stable, but could come under pressure as supplies grow unless export demand improves. Sales to Mexico (the largest importer of US hams) could be struggling to make the gains that would be helpful to the complex due to the relatively strong US Dollar.

## Canadian delivered soymeal prices opened lower this morning.

US soybeans are trading lower. Fundamentally, nothing has changed much. However, there is talk this morning that the large hedge funds are in the midst of (or will be eminently) exiting their long positions largely based on uncertainty stemming from China. Speculators cut long positions across the complex in meal, beans and oil by 4,102, 18,909 and 9,007 respectively compared to last week so far and short to mid-term pressure is expected until such time accurate global demand can be better estimated.

## US corn futures opened lower this morning.

As with beans, the US corn trade is facing pressure amid what is being called a "sell-down" as a risk off approach to commodities develops. Confidence in demand for raw materials is waning as the Chinese economic picture that, while good relative to economic growth elsewhere in the world, is underperforming relative to recent memory. Speculators have not been as quick to exit their long positions in corn as China is not a consistently huge importer. However, energy woes and competition elsewhere are adding to the bearish tone overall.

US Slaughter	
2.214 mil.	Last Week
1.987 mil.	Last Week (year ago)
W. Corn Belt	\$71.58
National Price	\$78.16
Daily Sig 3	\$174.10
Daily Sig 4	\$184.10
Thunder Creek	\$175.21
4-Month Fwd.	\$ 141.68
<b>B of C Ex. Rate (Noon)</b>	
\$1.3269 CAD / \$0.7536 USD	
<b>Cash Prices Week Ending August 29, 2015</b>	
Signature 3	179.90/81.60
Signature 4	185.41/84.10
h@ms Cash	178.40/80.92
Hylife	183.40/83.19
Thunder Creek	182.70/82.87
ISO Weans	\$19.04 US Avg.
Feeder Pigs	\$35.58 US Avg.
#1 Export Sows (Tagged) \$54.50 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		140.84 156.14	131.69 137.79	137.18 141.45	136.48 146.24	149.90 152.95	147.82 152.70	155.75 161.93	167.74 177.43	178.64 184.70	185.91
Maple Leaf Sig. #4		146.78 160.06	137.57 143.71	142.06 145.84	140.67 147.75	151.53 154.84	152.00 154.84	157.98 162.90	167.01 177.80	178.27 182.49	185.77
Soymeal Winnipeg Delivered	507	507	496	488	488	483	488				
Corn	Local delivered price available on request										

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**All local h@ms soymeal deliveries will be  
suspended from September 1 to September 9  
(or until further notice) as US suppliers shut  
down for maintenance.**

STRENGTH IN NUMBERS