

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

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, July 13, 2016

For details call: (204)235-2237 or visit
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US Slaughter	
427,000	Tuesday
419,000	Tuesday (year ago)
Daily Prices	
W. Corn Belt	\$76.02
National	\$81.81
Iowa/S. MN.	\$76.05
Signature 3	\$181.37
HyLife	\$189.02
TCP/Britco	\$181.04
Sig 3 4-Month Fwd.	\$151.24
BoC Rate (Noon) prev. day \$1.3016 CAD / \$0.7683 USD	
Cash Prices Week Ending July 09, 2016	
Signature 3	186.37/84.54
h@ms Cash	184.87/83.86
HyLife	190.15/86.25
TCP/Britco	190.90/86.59
ISO Weans	\$ 21.67 US Avg.
Feeder Pigs	\$ 40.68 US Avg.
#1 Export Sows (+500lbs.)	\$36.00/cwt. (Tagged)

Forward contract prices opened higher this morning. US cash markets are still struggling to find support and cash bids pushed down another \$0.50/cwt in trade yesterday. Wholesale pork prices should have provided some underlying support as most primal cuts posted gains on the day, and the value of the whole carcass appreciated \$0.66/cwt to realize the highest price for the benchmark in 3 weeks. Packer operating margins are estimated to be very profitable as they have nearly doubled since early July which is a positive factor for the near term. However, Lean Hog futures traders remain hesitant to put money on a price recovery with the nearby contracts falling steadily over the last month. Technical indicators reflect an oversold market which is providing some support to the nearby contracts this morning, but funds are still holding a large 'long' position which, if sold, could send prices to new lows. Producers without price protection in the winter months should consider covering as much as 50% of their production at current prices as the fundamentals suggest further weakness is ahead, combined with the fact that current forward prices are down less than 10% from the highs that were observed one month ago.

Canadian delivered soymeal prices opened higher this morning. US soybean futures continue to rally following the release of the WASDE report that showed old crop supplies are tighter than market expectations, down 20 million bu. from last month and down 2 million bu. from expectations. Ongoing concerns regarding S. American crops confirmed in the World Markets and Trade report (also released yesterday) along with some expectations of hotter, potentially yield damaging weather also pushed beans upward along with thoughts that demand will remain strong if end users turn to the US for supplies. New crop ending stocks came in slightly above average expectations and 30 million bu. larger than last month, but weather uncertainty in particular and decent demand are providing support further out as end users attempt to secure supply.

US corn futures opened higher this morning. US corn futures got a boost yesterday from the WASDE report, the USDA's report on world markets and ongoing/reignited weather concerns. Both old and new crop ending stocks estimates came in 100 million bushels lower (or more) than market expectations providing rationale for the move; as well improved export numbers contributed to the supportive tone as the net total usage increased by 30 million bu. Like beans, US corn futures are expected to see some short term volatility ahead of uncertain weather events. However, unlike beans, corn futures continue to trade amid the recent lows despite yesterday's and today's moves higher.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		164.34 179.18	154.20 163.10	153.37 154.55	128.04 144.05	129.82 135.75	133.93 142.24	144.62 145.81	149.26 149.26	149.85 162.15	162.87
Soymeal Wpg Delivered	568	569	570	566	566	566					
Corn	Local delivered price available on request										

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