



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, July 21, 2016

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened lower this morning.** US cash markets are trading lower this morning, pressured by weaker wholesale pork prices in yesterday's trade. The pork carcass cut-out dropped about \$1.50/cwt with ham values experiencing the largest by dropping nearly \$5.00/cwt. Leading up to yesterday's drop, the ham and belly cuts have been the strongest of all the primal cuts, with both hitting their highest price for the year in the past week. Packers have been very cautious with their cash buying program, fearful of an earlier than normal decline in pork prices corresponding to a growing hog slaughter, where pork prices typically fall about 10% over the month of August. Lean Hog futures are factoring in a declining cash market over the next month, with the market seeming to ignore recent data supporting good pork exports to China. Since the June Hogs and Pigs report was released showing an estimated 2.5% increase in market hog numbers for the 4<sup>th</sup> Quarter, December Lean Hog futures have declined about 12% to around US\$58.50/cwt. However, producers should remember that US cash prices declined to \$53.00/cwt late last year, which suggests that another 10% decline in fall forward prices are possible.

**Canadian delivered soymeal prices opened lower this morning.** The US soybean complex is finding some support this morning, with some analysts suggesting the recent weakness has been overdone. Funds have been active sellers recently, and helped take soymeal futures down 15% over the last month. But fundamental factors remain bearish, with production estimates continually being increased due to the favorable weather.

**US corn futures opened lower this morning.** New crop Corn futures put in another new low this morning, pressured by excellent crop condition and a favorable forecast. Increased domestic use of corn for livestock is likely to be a supportive factor in the coming months as increased numbers of poultry, hogs and cattle are all anticipated for this winter.

US Slaughter	
425,000	Wednesday
421,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$71.59
National	\$78.89
Iowa/S. MN.	\$71.55
Signature 3	\$171.12
HyLife	\$180.91
TCP/Britco	\$170.64
Sig 3 4-Month Fwd.	\$ 140.64
<b>BoC Rate (Noon) prev. day</b> \$1.3040 CAD / \$0.7669 USD	
Cash Prices Week Ending July 16, 2016	
Signature 3	180.92/82.06
h@ms Cash	179.42/81.38
HyLife	187.48/85.04
TCP/Britco	185.40/84.10
ISO Weans	\$ 23.20 US Avg.
Feeder Pigs	\$ 36.44 US Avg.
#1 Export Sows (+500lbs.)	\$35.10/cwt. (Tagged)

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		154.33 169.26	141.54 150.50	140.78 141.97	117.56 133.67	119.35 125.31	125.32 133.69	136.09 137.28	141.71 141.71	142.31 153.51	157.33
Soymeal Wpg Delivered	514	514	515	511	510	510					
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

CALL CRYSTAL FOR MORE INFO 204-235-2225

ACCEPTING:  
SOWS  
BOARS  
LIGHTS  
MARKET HOGS