



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 22, 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 packers are getting all the hog supplies they need to meet their weekly production schedule, even as they cut their cash bids by more than \$1.00/cwt in yesterday's trade. Estimated operating margins are excellent for this time of year, despite the recent weakness in wholesale pork prices as packers have accurately anticipated an increase in the hog supply and have not yet experienced much difficulty in clearing their inventory. Nearby Lean Hog futures continue to deteriorate along with the weaker cash market, with traders seeing few bullish factors that can change the trend over the next month. Longer term, there are still good hedging opportunities for the November – February timeframe despite the 12% decline in forward prices since July 1<sup>st</sup>. With expectations of a 2.5% increase in hog numbers over year ago levels, it would be reasonable to expect cash prices to be down 6% - 8% from year ago levels, all else being equal. This means that Canadian cash prices could drop to levels near \$110/pkg, while current forward prices are better than \$10/pkg higher than these levels.

**Canadian delivered soymeal prices opened lower this morning.** US soybean markets continue their decline this morning, with beans having lost \$1.30/bushel or about 12% of their value over the last week. In spite of the hot temperatures that are expected in the next couple of days for much of the US Midwest, traders continue to factor in near perfect growing conditions that are suggested in the 7-day forecast. Any change in the long term forecast would likely result in some support to new crop soybean meal futures.

**US corn futures opened lower this morning.** December Corn futures put in another contract low yesterday and is maintaining the same trend this morning. As the crop advances, the uncertainty of its yield potential disappears and the 'weather premium' removed. The consistently favourable weather forecast over the last month has been the driving bearish force that has taken corn prices to the lowest level in years.

US Slaughter	
430,000	Thursday
418,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$70.09
National	\$78.33
Iowa/S. MN.	\$70.34
Signature 3	\$167.75
HyLife	\$179.76
TCP/Britco	\$168.00
Sig 3 4-Month Fwd.	\$ 140.31
<b>BoC Rate (Noon) prev. day</b> \$1.3057 CAD / \$0.7659 USD	
Cash Prices Week Ending July 23, 2016	
Signature 3	171.68/77.87
h@ms Cash	170.18/77.19
HyLife	Not available
TCP/Britco	178.60/81.01
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		152.67 167.74	141.58 150.62	140.87 152.07	117.19 133.45	119.00 125.02	124.55 132.97	135.38 136.58	140.36 140.36	140.96 151.58	155.30
Soymeal Wpg Delivered	500	500	502	498	495	495					
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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