



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, August 11, 2016

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

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

US Slaughter	
433,000	Wednesday
428,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$62.31
National	\$69.58
Iowa/S. MN.	\$62.46
Signature 3	\$149.16
HyLife	\$160.63
TCP/Britco	\$149.19
Sig 3 4-Month Fwd.	\$128.64
<b>BoC Rate (Noon) prev. day</b> \$1.3060 CAD / \$0.7657 USD	
Cash Prices Week Ending August 6, 2016	
Signature 3	157.87/71.61
h@ms Cash	156.37/70.93
HyLife	165.92/75.26
TCP/Britco	164.00/74.39
ISO Weans	\$18.56 US Avg.
Feeder Pigs	\$32.80 US Avg.
#1 Export Sows (+500lbs.)	\$47.00/cwt. (Tagged)

**Forward contract prices opened higher this morning.** US cash markets are showing no signs of support and have dropped to levels not seen since early April. With the normal seasonal trend as a guide, pork production has likely experienced its lowest level of the year with both hog numbers and hog weights now trending higher. This means that there will be, on average, 1% - 2% more pork every week for the next 10 weeks, a significant increase when the market is already having trouble clearing inventory at current prices. Both packers and wholesalers are benefitting from healthy meat margins, but in order to prevent significant losses in hog values into the fall, consumers will have to see lower prices (in order to entice an increase in consumption levels). Lean hog futures are finding some support from technical indicators with the October, December and February contracts trading \$0.50 - \$0.75/cwt higher this morning. This is providing a good pricing opportunity for those producers looking for additional protection in the Oct – Feb timeframe.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher, but volumes are relatively light ahead of tomorrow's WASDE report (released at noon, Central); most activity today will likely be attributed to pre-report positioning. The range of ending stocks estimates is coming in between 268 and 403 million bu. and last month's estimates were at 290 million bu. The five-year trend shows decreases on the August report average 19 million bu., but also that the August ending stocks estimates were raised 2 times in the last five years. The weather remains a bearish factor, but demand indicators are expected to show increases, and the only thing anyone seems to agree on for this report is that there will be a market movement on Friday.

**US corn futures opened lower this morning.** US corn futures are once again coming under pressure as the trade resumes testing for the bottom. The market remains bearish, but even if the numbers in tomorrow's WASDE report confirm it, there is talk that the trade will likely not move substantially lower as there is more of a consensus on corn's value (and of the underlying fundamentals) as compared to the bean trade. Production and subsequent ending stocks are expected to be relatively high, but the one variable that will be closely watched will be yield which has generally come in between 167 and 175 bpa. as an estimate for August. However, one private estimate has come in as low as 166 bpa citing pollination phase issues.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		136.69 137.28	136.09 137.34	116.09 132.20	117.88 123.85	122.03 130.38	132.77 133.96	139.33 139.33	139.93 151.36	159.05 169.80	166.22
Soymeal Wpg Delivered	485	485	482	480	480	475					
Corn	Local delivered price available on request										

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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