Hog Margin Outlook

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h@ms MARKETING SERVICES

Monday, April 06, 2015

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

US Slaughter	
2.199 mil.	Last Week
2.014 mil.	Last Week (year ago)
W. Corn Belt	$57.23
National Price	$61.42
Daily Sig 3	$132.02
Daily Sig 4	$137.19
Thunder Creek	$136.33
4-Month Fwd.	$166.47
B of C Ex. Rate (Noon) $1.2585 CAD/ $0.7946 USD	
Cash Prices Week Ending April 04, 2015	
Signature 3	130.72/59.29
Signature 4	138.15/62.66
h@ms Cash	129.22/58.61
Hylife	136.80/62.05
Thunder Creek	129.40/58.70
ISO Weans	$32.22 US Avg.
Feeder Pigs	$64.65 US Avg.
#1 Export Sows (+500lbs) $38.00/cwt. (Tagged)	

Forward contract prices opened mixed this morning. *US cash markets struggled to hold their value last week, with packers dropping their cash bids to protect profitable operating margins. The market is still struggling with oversupply while pork export sales are slow, resulting in pressure on whole-sale pork prices. The latest export sales figures from the USDA had February sales down 10% from year ago levels, which is troubling given that prices were close to 30% lower over that month. However, there were two notable exceptions that are cause for optimism, Mexico and Korea, with these countries purchasing 12% and 81% more pork than in February 2014. Given the delays on the West Coast port that were widely reported and now largely resolved, it is curious that Korea was able to realize an increase purchase of this magnitude. Nearby Lean Hog Futures opened almost steady this morning, with cash prices likely to be the largest influence in today's trade. Currently traders have a premium of $4/cwt for the April and $8/cwt for the May contracts built into the futures which would represent a trend reversal in the cash market if these gains are realized. Producers looking for price protection for summer and fall marketings should view any appreciation in forward prices as a selling opportunity.*

Canadian delivered soymeal prices opened lower this morning. *More pressure is expected for the soybean trade on large harvest expectations from S. America, weak US sales, and some talk that the wet weather in the American South is incenting farmers to switch to soybeans. However, some support is expected from technical short covering activity on uncertainty regarding S. American production; the USDA office in Brasilia has downgraded production to 93.0 MMT while most private estimates remain as high as 94.5MMT. In either case, the market has priced in large production so any decreases would likely be supportive in the short term.*

Canadian delivered corn prices opened even this morning. *US corn futures are trading lower. However, there is some supportive news coming out this morning suggesting that a large, as yet unnamed buyer will seek US supplies for the 2015/16 season. As well, wetter weather is forecast for some southern US growing areas and there is talk that planting delays, if sustained, could translate into support for the trade. Added to this is continued talk that wet weather and low profit margins could drive farmers to plant more soybeans, and is also supportive.*

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		162.02 162.02	162.02 171.16	168.81 175.10	164.01 172.40	154.29 160.00	143.98 156.81	135.39 141.12	140.54 144.55	140.54 151.04	151.04
Maple Leaf Sig. #4		163.20 163.20	163.20 170.50	170.34 175.21	169.39 172.26	156.38 169.01	151.40 158.17	140.76 148.30	144.75 148.30	144.75 150.92	152.47
Soymeal Winnipeg Delivered	476	476	475	476	474	473	473	473	473		
Corn Wpg, Delivered	198										

Important Notice:

h@ms Marketing Services will be closed Friday, April 3rd to observe Good Friday. Risk Management and the General Office is open today, Monday, April 6.