



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, April 10, 2015

**Forward contract prices opened mixed this morning.** US cash markets are finishing this week moderately higher as Monday's reduced slaughter schedule left packer demand easily addressed. Cash market gains are limited by relatively tight packer margins with packers only willing to compete for live supplies when wholesale pork prices improve. Yesterday the USDA released their monthly Supply/Demand estimates and increased the projected pork supply. As a result of their supply and exports estimates, they forecast US domestic consumption for 2015 to climb nearly 7% over 2013 levels. Significant price concessions at the retail level will be required in order to meet those estimates. Summer and fall month Lean Hog futures are trading firm this morning but could be at risk of a collapse, as it is increasingly difficult to rationalize the huge premium that these contracts hold over the current cash market. Producers can guarantee a price rally of \$40/ckg over the next two months, averaging a daily price increase of nearly \$1.00/ckg per day. With ongoing uncertainty in both hog supply and export sales, producers should cover up to 40% of their summer/fall production.

**Canadian delivered soymeal prices opened lower this morning.** The US soybean complex is trading mixed this morning following yesterday's WASDE report. At first glance, slight revisions downward to 2014/15 ending stocks estimates, in part a function of increases to residual use, could explain the initial support. However, US soybean prices are expected to come under more pressure on expectations of large S. American crops, large world supplies in general (20 MMT above the previous record), and thoughts that wet weather, if persistent, could influence as many as 2 million more acres of beans planted in the US this season.

**Canadian delivered corn prices opened even this morning.** Despite a trade expectation of 1.854 billion bu. in ending stocks for the April WASDE report, the USDA estimated ending stocks at 1.827 billion bu., adding initial support. But while this revision was higher than last month, the move lower than trade expectations has supported ideas that US corn supply could become tighter moving forward. To be sure, 1.827 billion bu. is still a lot of corn for this year. However, there is already talk that 2015/16 could be much tighter with some stocks to use ratio estimates coming in as low as 3.1% using a 5-year yield average of 150.4 bpa.

US Slaughter	
432,000	Thursday
403,000	Thursday (year ago)
W. Corn Belt	\$59.18
National Price	\$61.95
Daily Sig 3	\$136.46
Daily Sig 4	\$138.34
Thunder Creek	\$136.20
4-Month Fwd.	\$170.10
<b>B of C Ex. Rate (Noon)</b>	
\$1.2580 CAD/ \$0.7949 USD	
<b>Cash Prices Week Ending April 11, 2015</b>	
Signature 3	132.43/60.07
Signature 4	136.77/62.04
h@ms Cash	130.93/59.39
Hylife	n/a
Thunder Creek	131.00/59.42
ISO Weans	\$32.22 US Avg.
Feeder Pigs	\$64.65 US Avg.
#1 Export Sows (Tagged)	\$37.00/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		165.88 165.88	165.88 175.12	172.96 179.32	167.53 175.27	157.71 163.49	146.04 160.14	137.36 143.15	142.57 146.61	142.57 153.47	153.47
Maple Leaf Sig. #4		167.01 167.01	167.01 174.38	174.43 179.35	172.19 175.10	159.77 172.52	153.51 161.46	142.76 150.37	146.79 150.37	146.79 153.32	154.89
Soymeal Winnipeg Delivered	468	467	467	467	466	465	463	464	464		
Corn Wpg, Delivered	198										

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**WINNIPEG LIVESTOCK**  
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