



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

Hog Margin Outlook

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Tuesday, April 14, 2015

Forward contract prices opened lower this morning. US

cash markets have made impressive gains over the last two trading days, rallying close to \$3.00/cwt in the Midwest's reporting regions. Packers have been willing to give up the disciplined approach of matching changes in wholesale pork prices to their cash bids, and maximize their daily production. Yesterday's daily slaughter was reported at 452,000 hogs, with this total likely including animals taken on Sunday, but reported the following day. While the cash market rally is a positive factor in the Lean Hog futures, traders are skeptical of its ability to continue to rally at a pace that can rationalize the large premium that the summer Lean Hog contracts are holding. Over the last five years, Canadian cash prices have averaged a \$16/ckg move from now until Mid-June. By forward contracting, producers can assure themselves a rally more than double the five year average or approximately \$35/ckg into the summer timeframe. Hog supply is anticipated to remain heavy through to the fall and could negatively impact the seasonal trend typically experienced at this time of year.

Canadian delivered soymeal prices opened higher this morning.

Talk that the complex is oversold is supportive in the short term as the trade initiates market corrections and potential short covering activity. Export inspections were mildly supportive with volumes coming in just slightly above the average trade expectation (425,000 MT) at 450,317MT. For now, the short term is called higher, but the mid to longer term is considered bearish with large expected production volumes coming from S. America adding to the global supply, and thoughts that US ending stocks for next season could be at record levels.

Canadian delivered corn prices opened even this morning.

Although it is extremely early in the planting season, data showing that corn planting is pacing behind normal due to wet field conditions is supporting the trade. As well there is talk that if the delays are sustained, farmers are more likely to switch to crops that can be planted later. The US national pace shows 2% of corn has been planted so far compared to a 5% average; Tennessee is 18% behind the pace and Iowa, Illinois and Indiana have yet to get onto the field whereas those states would normally be between 1% and 9% planted by now.

US Slaughter	
452,000	Monday
375,000	Monday (year ago)
W. Corn Belt	\$61.99
National Price	\$62.32
Daily Sig 3	\$143.19
Daily Sig 4	\$139.40
Thunder Creek	\$143.77
4-Month Fwd.	\$170.39
B of C Ex. Rate (Noon)	
\$1.2602 CAD/ \$0.7935 USD	
Cash Prices Week Ending April 11, 2015	
Signature 3	132.43/60.07
Signature 4	136.77/62.04
h@ms Cash	130.93/59.39
Hylife	136.18/61.77
Thunder Creek	131.00/59.42
ISO Weans	\$34.56 US Avg.
Feeder Pigs	\$65.11 US Avg.
#1 Export Sows (Tagged) \$36.00/cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		167.00 167.00	167.00 176.14	173.73 180.02	166.37 175.29	156.65 162.37	146.93 160.76	138.25 144.04	143.46 147.51	143.46 154.59	154.59
Maple Leaf Sig. #4		167.36 167.36	167.36 174.66	174.44 179.31	171.07 174.39	158.00 170.63	153.70 161.39	142.95 150.57	146.98 150.57	146.98 153.74	155.31
Soymeal Winnipeg Delivered	464	463	462	462	461	460	462	466	466		
Corn Wpg, Delivered	198										

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WINNIPEG LIVESTOCK
Hwy #6 AND RD 236

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