



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, April 15, 2015

**Forward contract prices opened lower this morning.** US cash prices traded slightly higher yesterday, with hog slaughter levels still running about 1% higher than the latest USDA inventory suggested. The pork cut-out made a moderate advance of \$0.50/cwt with the ham and belly primal cuts providing the support. However, estimated packer margins are running close to 50% lower than levels experienced over the last two months, which could be a factor in slowing the anticipated spring rally. The recent slaughter and hog supply continue to exceed expectations, carcass weights are creeping higher, and given that packer margins are tighter than they have been in months, Lean Hog futures are coming under selling pressure. The US\$16.00/cwt premium that the June contract holds to the current cash market is more than double the premium typically seen at this time of year, which is at odds with current cash market fundamentals. Producers without price protection in the summer months and fall months should consider covering up to 40% of their production at current prices.

**Canadian delivered soymeal prices opened mixed this morning.** US soybean futures are trading mixed to higher. The USDA's first crop progress report of the season was released this week and although numbers are generally lower than five year averages (due to wet field weather in some regions), the consensus is that the report merely confirms early work has not materialized, and that it is much too soon to gauge actual progress from this week's report. Pressure is expected further out based on bearish fundamentals and the recent support is thought to be a function of technical repositioning in an oversold market.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Pressure comes from export sales that are slightly lower than five year averages, low export inspections (52.9% v. 58.25 5-year average), and talk that lowered feed and residual use will support ending stocks numbers for the 2014/15 season, suggesting current carryout numbers will remain stable, all else equal. Wet weather is preventing fieldwork currently and planting is a bit behind pace but drier weather is expected soon which should influence farmers onto the fields, provided soil temperatures can be sustained above 50°F.

US Slaughter	
431,000	Tuesday
415,000	Tuesday (year ago)
W. Corn Belt	\$62.68
National Price	\$63.12
Daily Sig 3	\$143.36
Daily Sig 4	\$139.81
Thunder Creek	\$143.18
4-Month Fwd.	\$168.65
<b>B of C Ex. Rate (Noon)</b>	
\$1.2478 CAD/ \$0.8014 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	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		163.96 163.96	163.96 173.08	171.12 177.40	166.33 172.61	158.68 164.39	146.75 161.27	138.17 143.89	143.32 147.32	143.32 154.41	154.41
Maple Leaf Sig. #4		164.40 164.40	164.40 171.69	171.90 176.76	168.92 173.01	159.96 172.56	153.40 161.81	142.77 150.30	146.76 150.30	146.76 153.52	155.08
Soymeal Winnipeg Delivered	468	466	466	466	464	463	461	464	464		
Corn Wpg, Delivered	198										

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 HWY #6 AND RD 236

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