



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, April 21, 2015

**Forward contract prices opened mixed this morning.** US cash markets were mixed yesterday, with packers taking a cautious approach sourcing their live supplies. Hog numbers are still significantly larger than the latest USDA Hogs and Pigs report implied and close to 5% higher than 2013 levels. This represents significant growth in the industry, before considering PEDv losses, which have been on the decline for the last 6 months. In times of high supply, the market looks for increased export sales to help clear the burdensome stocks, but the high US Dollar has been an impediment to the competitiveness of US pork in the world marketplace. Summer month Lean Hog futures are still running at a \$12-\$14/cwt premium to the current cash market, implying a cash market rally of close to double the average move at this time of year. Producers should consider covering up to 40% of their remaining 2015 production at current prices to secure positive operating margins.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower. News that Brazil's soybean crop is 85-90% harvested, export inspections coming in lower than expectations (~148,000MT compared to the 350,000MT average trade guess), and drier weather forecasts for central and northern Corn Belt are pressuring. Support comes from recent short covering, total export inspections at 93.4% (88.4% 5-year average), some labour disruptions in Brazil and news of a Chinese stimulus. The general consensus is that recent rallies are selling opportunities amid a bearish fundamental outlook.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Slower than average corn planting is influencing some talk that farmers are poised to switch crops, if they haven't made the decision to do so already, adding support. Export inspections were also supportive for the week coming in higher than trade expectations. However, pressure comes from the relatively high USD, word of 'significant' planting progress in some important US growing areas, and competition from the Ukraine and Argentina where there are reports that corn is discounted relative to the US variant.

US Slaughter	
430,000	Monday
274,000	Monday (year ago)
W. Corn Belt	\$62.37
National Price	\$65.54
Daily Sig 3	\$139.52
Daily Sig 4	\$141.97
Thunder Creek	\$139.81
4-Month Fwd.	\$162.49
<b>B of C Ex. Rate (Noon)</b>	
\$1.2204 CAD/ \$0.8194 USD	
<b>Cash Prices Week Ending April 18, 2015</b>	
Signature 3	142.07/64.44
Signature 4	139.61/63.33
h@ms Cash	140.57/63.76
Hylife	139.75/63.39
Thunder Creek	134.80/61.14
ISO Weans	\$34.19 US Avg.
Feeder Pigs	\$66.10 US Avg.
#1 Export Sows (Tagged)	\$29.50/cwt. (+500lbs.)

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3			157.82 166.82	165.71 171.92	161.65 168.47	152.07 157.71	141.87 154.23	133.41 139.05	138.49 142.43	138.49 148.76	148.19 149.32
Maple Leaf Sig. #4			158.38 165.57	166.59 171.40	164.89 167.73	155.45 165.93	148.52 154.92	138.04 145.46	141.97 145.46	141.97 147.97	149.50 150.59
Soymeal Winnipeg Delivered	459	458	457	458	456	454	451	454	454		
Corn Wpg, Delivered	188										

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HWY #6 AND RD 236

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