



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit

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Thursday, April 23, 2015

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

Forward contract prices opened higher this morning. US

cash markets have been mixed so far this week, with packers having no difficulty meeting their slaughter requirements. Daily slaughter levels have come in consistently around 432,000 hogs this week, a level that is unprecedented for this time of year. Typically, the weekly hog slaughter shrinks by about 120,000 hogs from mid-March to mid-April which helps the market make its seasonal gains. This year, however, there has been no reduction in hog slaughter, and carcass weights have held relatively steady. Yesterday the USDA's Cold Storage report only added to the bearish supply factors, by showing inventory of pork to be up by 16% over year ago levels. Interestingly, the inventories of the least expensive pork products (pork trimmings and picnics) were shown to be twice as large as they were at this time last year. Worsening the situation, the report showed inventory of competing meats, beef and chicken, to be up 20% and 27% respectively. Given the heavy pork and competing meat supply, slow US exports (due largely to the strong US Dollar) and unwillingness of retailers to make price concessions, producers should look to cover some of their price risk for the remaining months of 2015 at current prices.

Canadian delivered soymeal prices opened mixed this morning.

US soybean futures are trading higher. Export sales have come in at the lower end of trade expectations at ~102,000MT which is not surprising considering the general consensus is international demand has made its seasonal shift to S. America. However, news of a Brazilian truckers' strike has the market anticipating tighter supplies in the short term as supply pipelines potentially become choked off. Export inspections came in at 155,860 MT, reflecting seasonality, but among the lowest levels since September of last year.

Canadian delivered corn prices opened even this morning.

US corn futures are trading higher. Export sales of corn came in this morning 267,900 MT higher than the highest trade estimate adding support. As well, news that demand from ethanol production is healthy is adding a supportive tone to a market that has been searching for a bottom recently due to meagre export markets and a high USD. There is one estimate suggesting that in order for demand from ethanol to meet USDA projections, demand will have to decrease by 5.4% until the end of the marketing year.

US Slaughter	
428,000	Wednesday
417,000	Wednesday (year ago)
W. Corn Belt	\$62.98
National Price	\$66.16
Daily Sig 3	\$141.42
Daily Sig 4	\$143.86
Thunder Creek	\$141.17
4-Month Fwd.	\$163.60
B of C Ex. Rate (Noon)	
\$1.2250 CAD/ \$0.8163 USD	
Cash Prices Week Ending April 18, 2015	
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			159.77 168.70	167.90 174.05	161.15 169.92	151.64 157.23	141.56 154.35	133.15 138.76	138.20 142.12	138.20 149.76	149.20 150.32
Maple Leaf Sig. #4			160.23 167.37	168.66 173.42	165.80 169.09	153.02 165.36	148.16 155.01	138.17 145.12	141.65 145.12	141.65 148.95	150.47 151.56
Soymeal Winnipeg Delivered	460	459	456	457	455	452	451	455	455		
Corn Wpg, Delivered	188										

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