



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, April 24, 2015

Forward contract prices opened higher this morning. US

cash markets traded higher yesterday, as packers were willing to share some of the gains experienced in the wholesale pork market. Pork supplies remain heavy, but there is evidence that export markets have improved from sales volumes seen earlier this year. Yesterday, the pork cut-out gained more than \$2.00/cwt with support coming from almost all of the primal cuts. However, some remain severely discounted from year ago levels, such as pork bellies which are trading at 1/3 of the value seen at this time last year. Also contributing to the weakness are the lower valued products of picnics and trimmings as inventory of products used in sausages are double the levels seen last year. Lean Hog futures reacted to the news of firm cutout values positively, with all summer months gaining \$2.00/cwt on the day and trading near their highest level in 6 weeks. Heavy pork supply combined with concern that retailers will not give up some of their massive margin to support higher sales volumes provide rationale for taking price protection. Producers that have already covered a portion of their price risk should consider setting targets for the summer and fall months at \$5.00/kg higher than current forward prices which may capitalize on the choppy futures trade.

Canadian delivered soymeal prices opened lower this morning.

Bearish fundamental data including news from the Buenos Aires Grains Exchange pegging Argentine production at 58.9 MMT is pressuring. To put this into perspective, Argentina's production last year was a record at 53.4 MMT. However, there are some factors supporting the trade including the high USD, stronger energy markets and talk of a Brazilian truckers' strike although less than 20 blockades have been reported (compared to over 100 earlier in the year) and there are rumors the labour dispute could be resolved soon.

Canadian delivered corn prices opened even this morning. US

corn continues to see pressure amid weak technical indicators, not much in the way of fundamental data news and concerns that bird flu issues will soon affect the trade. There was some support yesterday on news of higher than expected export sales, but the news was mixed as the Southeast Asian customers did not include the Chinese who are now effectively believed to be sitting on the sidelines. US corn still remains at a premium relative to major competitors; Argentina is posting an \$8.00 USD/MT discount while the Ukraine is \$7.00 USD/MT lower.

US Slaughter	
428,000	Thursday
417,000	Thursday (year ago)
W. Corn Belt	\$63.85
National Price	\$66.23
Daily Sig 3	\$142.16
Daily Sig 4	\$142.79
Thunder Creek	\$141.91
4-Month Fwd.	\$165.50
B of C Ex. Rate (Noon)	
\$1.2147CAD/ \$0.8232 USD	
Cash Prices Week Ending April 25, 2015	
Signature 3	140.41/63.69
Signature 4	142.76/64.76
h@ms Cash	138.91/63.01
Hylife	n/a
Thunder Creek	141.60/64.23
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			162.41 171.33	169.64 175.79	162.72 171.92	153.23 158.81	142.86 155.19	134.50 140.08	139.52 143.42	139.52 149.87	149.31 150.43
Maple Leaf Sig. #4			162.78 169.91	170.33 175.09	167.30 171.03	154.54 166.87	149.36 155.79	138.99 146.33	142.88 146.33	142.88 149.03	150.54 151.63
Soymeal Winnipeg Delivered	453	451	449	450	448	447	443	447	447		
Corn Wpg, Delivered	188										

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