



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

Hog Margin Outlook

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Monday, April 27, 2015

Forward contract prices opened higher this morning. US cash markets are called steady to start this week, as packers have profitable operating margins while hog supplies remain abundant. Last week's trade looked to be the start of the seasonal rally that is typical for this time of year, and normally initiated by tightening hog supplies. However, hog numbers remain stubbornly high with last week's slaughter estimated at 2.184 million hogs or about 10% larger than year ago levels; total pork production is estimated at 7.5% higher than year ago levels. Lean Hog futures were buoyed by last week's cash market move, with all of the summer month contracts trading above the \$80/cwt level to start this week, the highest level traded since early March. The premium that the June forward prices currently hold to the cash market implies a rally in hog prices of about \$33/kg over the next 6 weeks. This price appreciation is approximately double the 5-year average and can only be assured through the use of forward contracts. Producers should view current summer and fall prices as good value in the context of significant uncertainty in both supply and demand.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading mixed to higher. The support is largely a function of technical short covering activity as the trade anticipates pressure in the near to mid-term. Rosario Grains Exchange estimates 2.4MMT of beans could be shipped from Argentina by the end of the week and there are thoughts that the latest Brazilian truckers' strike is losing steam amid talk that further movement of S. American beans could influence cancellations of US product. The next 10 days should be favourable for planting, a bearish factor further out.

Canadian delivered corn prices opened higher this morning. Weather premiums regarding corn planting could be reduced as there is talk the weather in much of the US Corn Belt has turned around, is warming up, and will be more favourable for planting this week. A few showers in the more northern states is only estimated to cover 10% of the growing area, but will be welcomed in any event as there are some concerns the northern plains into Canada are still a bit too dry. Southern concerns regarding wetness should not affect the trade that much as planting starts to ramp up in the larger growing regions.

US Slaughter	
2.184 mil.	Last Week
1.991 mil.	Last Week (year ago)
W. Corn Belt	\$64.59
National Price	\$66.49
Daily Sig 3	\$144.04
Daily Sig 4	\$143.59
Thunder Creek	\$144.07
4-Month Fwd.	\$166.87
B of C Ex. Rate (Noon)	
\$1.2147 CAD/ \$0.8220 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	142.15/64.48
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			164.43 173.30	171.31 177.42	163.37 173.31	153.93 159.48	143.23 156.25	134.89 140.45	139.90 143.79	139.90 150.64	150.09 151.20
Maple Leaf Sig. #4			164.06 171.15	171.27 176.01	167.25 171.70	154.55 166.82	150.76 156.15	138.70 146.03	142.58 146.03	142.58 149.13	150.65 151.73
Soymeal Winnipeg Delivered	454	451	451	451	449	450	449	449	449		
Corn Wpg, Delivered	189										

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WINNIPEG LIVESTOCK
Hwy #6 AND RD 236

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