



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

Hog Margin Outlook

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Tuesday, April 28, 2015

Forward contract prices opened mixed this morning. US

cash markets moved sharply higher to start this week with the Midwestern regions reporting gains of \$2.00/cwt. The recent surge takes the cash price to the highest level in nearly 2 months, even as the daily slaughter remains at close to 430,000 hogs. Wholesale pork prices made gains of approximately half this amount in yesterday's trade, with Loins, Butts and Ribs the only primal cuts making a positive contribution to pork cut-out value. Packers anticipating tighter supplies into the summer months may already be competing for the uncommitted cash hog supply. Lean Hog futures are maintaining their significant premium over the current cash market, currently running at US\$15/cwt for the June contract. Current forward prices are holding a \$25/ckg premium over the daily cash price, which represents a rally 30% larger than what is typical over the next 6 weeks. Significant uncertainty remains in the market with an abundant hog supply, inconsistent export demand and uncertain domestic supplies of competing meats.

Canadian delivered soymeal prices opened higher this morning.

News of sustained demand for US beans and lack of cancellations for the last reporting period is supportive. Soybean planting has just started and crop progress is at 2% for the 18 states that plant 92% of all US beans. It is much too early to tell if premiums will be built into the market based on progress, but comparisons to other years are nonetheless being made; soybean progress for 2015, it is noted, is neither on the fastest or slowest pace when compared back to 1990. The market maintains its bearish tone and rallies are thought to be selling opportunities.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading mixed. Sluggish demand is pressuring while thoughts of a smaller crop relative to 2014 and a slower-than-average planting pace is supporting. Planting progress is not in the dire straits that some recent headlines would suggest, however. It is true that corn planting has started among the lowest pace since 1990, but recent data shows it is now approaching 2014 levels and with decent weather in the forecast, next week's report could show some significant progress. Crop progress is at 19% compared to a 25% 5-year average.

US Slaughter	
429,000	Monday
334,000	Monday (year ago)
W. Corn Belt	\$66.52
National Price	\$66.94
Daily Sig 3	\$147.60
Daily Sig 4	\$143.84
Thunder Creek	\$147.71
4-Month Fwd.	\$166.50
B of C Ex. Rate (Noon)	
\$1.2105 CAD/ \$0.8261 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) \$27.00 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3			163.81 172.64	171.28 177.36	162.65 173.27	153.25 158.78	142.26 155.84	133.95 139.49	138.94 142.82	138.94 148.79	148.24 149.35
Maple Leaf Sig. #4			163.44 170.50	171.22 175.93	166.50 171.64	153.86 166.07	148.07 155.74	137.76 145.06	141.63 145.06	141.63 147.32	148.83 149.90
Soymeal Winnipeg Delivered	456	455	453	454	451	450	447	449	449		
Corn Wpg, Delivered	191										

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