



Hog Margin Outlook

Meeting Your Marketing Needs

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

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Thursday, April 30, 2015

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

Forward contract prices opened higher this morning. US cash markets were sharply higher again yesterday, marking the fifth consecutive day of gains. By adding approximately US\$2.60/cwt to the cash market Wednesday, packers have effectively bid themselves into negative operating margins as the pork cut-out (aggregate value of all the pork primal cuts) is equivalent to what packers are currently paying for live hogs. Packers will knowingly bid beyond current product values for several reasons. They may believe that their inventory values could appreciate in value, they may have orders of wholesale pork they need to fill (both within and outside of their own integrated operations), or they may have their purchase costs hedged. Lean Hog futures have been quick to factor in the recent strength in the cash market, with the summer contracts trading at their highest value in almost 2 months. Currently, summer month forward prices are offering a 15% premium over the current cash market which represents good value, considering the hog supply is up close to 5% from 2013 levels.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. A lower USD, expectations of increased demand from China and talk that slowing shipments from Argentina due to a labour issue at the port of Rosario are adding support. As well, there is talk that bean acreage may not be increased to the extent previously thought as weather improves and significant progress in corn planting is expected next week. As well there are rumors the Chinese government is poised to lower a farmer subsidy for beans that could initiate a decrease in planted area approaching 20%.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. The trade moved higher yesterday for the second time this week after experiencing pressure since January 2015. The weakening USD and the fact that US corn has been in an 'extremely' oversold condition has helped the bounce. However, the reaction might best be described as a market correction; the trade is called supported but choppy until fresh news becomes available. Despite current support, there is not much fundamentally supporting a sustained recovery in the short-term.

US Slaughter	
426,000	Wednesday
408,000	Wednesday (year ago)
W. Corn Belt	\$71.15
National Price	\$68.21
Daily Sig 3	\$155.90
Daily Sig 4	\$144.74
Thunder Creek	\$155.73
4-Month Fwd.	\$170.96
B of C Ex. Rate (Noon)	
\$1.2021 CAD/ \$0.8319 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			169.72 178.59	176.30 182.40	165.09 178.85	155.65 161.20	143.79 158.01	135.46 141.01	140.46 144.34	140.13 148.97	148.41 149.52
Maple Leaf Sig. #4			169.18 176.27	176.10 180.82	168.89 177.06	156.21 168.46	149.57 157.85	139.67 146.55	143.11 146.55	143.11 147.46	148.96 150.03
Soymeal Winnipeg Delivered	462	461	458	459	456	453	447	447	447		
Corn Wpg, Delivered	191										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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