



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, May 01, 2015

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

Forward contract prices opened mixed this morning. US cash markets are capping off a remarkable week with another day of higher bids. Yesterday's trade saw the Midwestern reporting regions gaining close to US\$4.00/cwt and they are now up \$11.00/cwt or 17% over the week. Daily slaughter levels are tightening, but probably more significant is an improvement in exports. Official monthly numbers are not released for close to two months, but the weekly data suggests that pork sales volumes have improved dramatically, with China showing the biggest gains. Earlier this year, China was buying approximately 50 metric tonnes per week, recent data from the USDA suggests the weekly numbers have climbed to 2000 metric tonnes per week. The abrupt improvement in cash prices is having a positive influence on Lean Hog futures, but traders are content to see what was an abnormally large premium these months held over the cash market, shrink. Producers that already have price protection in the summer months should consider setting targets about \$10/ckg higher than current forward prices for additional price protection.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed. Pressure comes from unconfirmed reports that the port strike by captains at the Port of Rosario in Argentina is coming to a conclusion and may even be over by now. In Brazil, the Buenos Aires Grains Exchange estimates production to reach 60 MMT, up from the previous 58.5 MMT estimate. Increasing bird flu casualties are also starting to concern the trade, but actual fundamental impacts have so far been minor. Soybean sales for 2014/15 have surpassed the USDA estimate by 0.7% but new crop sales remain sluggish.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Weakness in wheat and soybeans is pressuring along with thoughts that planting progress made this week will be significant on good planting weather that could see areas of the Western Corn Belt push ahead of schedule. Export sales for 2014/15 came in at 88.2% compared to the 5-year average of 89.3%, and new crop sales remain 19% behind last year, adding pressure. Planting delays in Ohio and some dry areas east of California are increasing the weather premiums and keeping the downside in check.

US Slaughter	
425,000	Thursday
415,000	Thursday (year ago)
W. Corn Belt	\$74.84
National Price	\$69.29
Daily Sig 3	\$166.25
Daily Sig 4	\$149.06
Thunder Creek	\$166.01
4-Month Fwd.	\$170.22
B of C Ex. Rate (Noon)	
\$1.2119 CAD/ \$0.8252 USD	
Cash Prices Week Ending May 2, 2015	
Signature 3	152.94/69.37
Signature 4	145.11/65.82
h@ms Cash	151.44/68.69
Hylife	n/a
Thunder Creek	141.40/64.14
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)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		168.71 177.66	175.17 181.32	165.43 177.25	155.92 161.51	144.12 157.98	135.74 141.33	140.77 144.68	140.33 149.22	148.66 149.78
Maple Leaf Sig. #4		168.25 175.39	175.04 179.81	169.30 175.54	156.51 168.87	179.96 157.86	139.56 176.93	143.46 146.93	142.35 147.73	149.24 150.32
Soymeal Winnipeg Delivered	454	447	447	445	443	440	440	440		
Corn Wpg, Delivered	191									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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