



# Hog Margin Outlook

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Wednesday, May 06, 2015

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

**Forward contract prices opened mixed this morning.** US cash markets continued their bullish run yesterday, with packers adding nearly \$1.00/cwt to their cash bids. Prices in the Midwest have recovered to the highest level experienced so far in 2015, with the rally only starting about 3 weeks ago. Packers are competing for the uncommitted hogs so that they can maintain their current daily production schedules. Wholesale pork prices were supportive in trade yesterday, with a large volume of product moved, but the pork cut-out value is still trading at a deficit to the prices paid for live hogs. On the demand side, weekly exports sales have shown significant improvement over the last 6 weeks, while domestic retailers may finally have passed on some of the lower prices to consumers, initiating greater sales volumes. Lean Hog futures continue to factor in the cash market strength, with all of the summer months making cautious gains. The premium that the June and July contracts hold over the cash market is now consistent with historical levels. The market is expected to be choppy over the summer months, with packers contending with negative operating margins and all market factors at play.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading mixed, reflecting a sentiment in the marketplace that indicates short term support on decent demand, thoughts that US stocks may be tighter than current numbers suggest, and longer term fundamentals that are pressuring. Local meal buyers can lock in from May to December at \$445 CAD/MT on a flatted contract this morning (delivered to Winnipeg/S. Man. - \$475 FOB Langham) which is competitive compared to recent history. However, there are thoughts the market is poised to move lower amid large production volumes and the unknown effects of bird flu on feed demand.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. There is talk that the recent strength is a function of a weakening USD which makes commodities settled in US dollars more competitive for international buyers. As well thoughts of too much dryness in prime wheat growing country is providing some peripheral support. The exceptional planting progress last week is providing some limit to the upside but talk of rain this week has traders expecting the planting pace to be pared back somewhat, providing some more underlying support.

US Slaughter	
419,000	Tuesday
413,000	Tuesday (year ago)
W. Corn Belt	\$76.40
National Price	\$73.74
Daily Sig 3	\$168.61
Daily Sig 4	\$157.59
Thunder Creek	\$168.69
4-Month Fwd.	\$170.96
<b>B of C Ex. Rate (Noon)</b>	
\$1.2040 CAD/ \$0.8306USD	
<b>Cash Prices Week Ending May 2, 2015</b>	
Signature 3	152.94/69.37
Signature 4	145.11/65.82
h@ms Cash	151.44/68.69
Hylife	145.60/66.04
Thunder Creek	141.40/64.14
ISO Weans	\$41.05 US Avg.
Feeder Pigs	\$62.78 US Avg.
#1 Export Sows (Tagged) \$24.00 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		171.53 180.29	175.71 181.75	164.77 178.06	155.44 160.93	144.23 157.75	135.99 141.48	140.94 144.78	140.94 150.06	149.51 150.62
Maple Leaf Sig. #4		170.03 177.03	174.62 179.30	168.07 175.41	155.52 167.64	149.46 157.12	139.24 146.05	143.08 146.48	142.75 148.10	149.59 150.66
Soymeal Winnipeg Delivered	449	445	445	442	439	434	435	435		
Corn Wpg, Delivered	191									

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**WINNIPEG LIVESTOCK**  
Hwy #6 AND RD 236

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