



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

Hog Margin Outlook

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Tuesday, May 12, 2015

Forward contract prices opened mixed this morning. US cash markets gained close to \$1.00/cwt in yesterday's trade with higher wholesale pork prices supporting the rally. Pork buyers are starting to fill Memorial Day retail orders that typically provide a boost to wholesale prices for two weeks leading up to the holiday. This year, the 'unofficial kickoff to the grilling season' is Monday, May 25, which could push the rib primal (representing 4% of the pork derived from carcass) to all-time record highs, surpassing the \$190/cwt price level that was hit last summer. In contrast, the pork belly and ham primal cuts are trading at less than half of last year's values in the early summer. Lean Hog futures are maintaining a larger than average premium over the current cash market, with traders concerned that cash will have difficulty closing the gap. Lean Hog futures are trading mixed this morning, but with the Canadian Dollar is 30 points higher trading near US\$0.83, forward prices are slightly lower. Producers without protection in the summer and fall period should consider pricing up to 40% of their production at current prices in order to mitigate the price volatility.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed ahead of today's WASDE report. Support comes from pre report positioning and some strong export numbers which appear to be maintaining a relative semblance of momentum. Pressure comes from decent planting weather, a planting progress jump of 18%, pushing the US total to 31% (20% 5-year average), and thoughts that the bird flu epidemic could affect feed disappearance, that while not yet appearing in the trade, could manifest by late 2015 heading into the new year; new cases (Indiana) bring the reporting to 15 states.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Another 20% of US corn was planted at week ending May 10, bringing the total to 75% compared to the 57% 5-year average, adding pressure amid favourable weather and chatter that high yields could come into play if the weather continues to cooperate. There are expectations that the Chinese government will put 3.83 MMT of reserves on auction this week. The trade is also starting to discuss bird flu concerns with some more frequency and that the potential affects have not yet been built into the market.

US Slaughter	
409,000	Monday
391,000	Monday (year ago)
W. Corn Belt	\$80.03
National Price	\$77.92
Daily Sig 3	\$177.57
Daily Sig 4	\$167.41
Thunder Creek	\$177.24
4-Month Fwd.	\$170.92
B of C Ex. Rate (Noon)	
\$1.2105 CAD/ \$0.8261 USD	
Cash Prices Week Ending May 9, 2015	
Signature 3	169.67/76.96
Signature 4	157.82/71.59
h@ms Cash	168.17/76.28
Hylife	159.26/72.24
Thunder Creek	157.40/71.40
ISO Weans	\$38.88 US Avg.
Feeder Pigs	\$61.01 US Avg.
#1 Export Sows (Tagged)	\$23.00 cwt. (+500lbs.)

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		178.58 181.88	176.45 182.52	165.47 178.77	156.09 161.61	144.76 158.45	136.49 142.00	141.45 145.32	141.45 151.96	146.96 152.52
Maple Leaf Sig. #4		172.39 177.73	174.50 179.20	167.92 175.25	155.32 167.50	149.16 156.97	138.90 145.74	142.75 146.17	142.75 149.96	150.60 152.54
Soymeal Winnipeg Delivered	441	439	440	437	434	430	430	430		
Corn Wpg, Delivered	189									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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