



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, May 14, 2015

Forward contract prices opened mixed to lower this morn-

ing. US cash markets were steady in trade yesterday, holding the gains experienced over the last week. Hog numbers have been tighter, which in turn have forced packers to compete more aggressively for the limited supplies, but a steady decline in carcass weights have also contributed to the price support. Iowa/S. Minnesota live weights have dropped nearly 9 lbs. so far this year which represents a reduction of about 3%. On the demand side, retailers have been ramping up purchases for a big Memorial Day blitz of pork grilling items. Compared to beef, pork represents a very cost competitive option for consumers, without retail margins having to move into negative territory. However, futures traders are currently not that optimistic that the cash market will continue its bullish run past Memorial Day. The possibility of another surge in hog numbers combined with the sluggish movement in some of the primal cuts has some traders cautious. Summer and fall month contracts represent fair value given the uncertainty in both supply and demand fundamentals.

Canadian delivered soymeal prices opened lower this morn-

ing. US soybean futures are trading higher. There is talk that the latest WASDE report has ushered in a bearish 'tone' heading into the growing season as production estimates and ending stocks for the US and the world are high, relatively speaking. Today's support is believed to be a function of a market adjustment and a settling in period as the trade digests WASDE information and repositions accordingly. Local spot meal is opening at \$426 CAD/MT, getting some help from the dollar which is trading higher again today by ~3/10th of a cent as of this writing.

Canadian delivered corn prices opened lower this morning.

US corn futures are trading higher. Many in the trade are now calling for a turnaround, believing the lows have been hit or will be very close if it gets down to \$3.50 USD/bu. (old crop is in the \$3.60s as of this writing). \$3.50 is significant because it could influence international buying and could discourage acres (although many of those acres are already committed and being planted right now). In any event, a lower ending stocks estimate and thoughts that acreage has indeed been lowered relative to last year, as well as lacklustre export expectations are supportive factors.

US Slaughter	
418,000	Wednesday
408,000	Wednesday (year ago)
W. Corn Belt	\$80.64
National Price	\$79.82
Daily Sig 3	\$176.65
Daily Sig 4	\$169.31
Thunder Creek	\$176.50
4-Month Fwd.	\$170.27
B of C Ex. Rate (Noon)	
\$1.1951 CAD/ \$0.8368 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		176.89 180.18	176.94 182.98	164.31 178.70	154.98 160.47	142.99 157.15	134.75 140.24	139.69 143.54	139.69 149.13	144.17 149.68
Maple Leaf Sig. #4		170.76 176.07	174.96 179.64	166.77 175.17	154.22 166.35	147.40 155.69	137.19 143.99	141.02 144.42	141.02 147.18	147.82 149.74
Soymeal Winnipeg Delivered	426	426	426	424	422	419	419	419		
Corn Wpg, Delivered	187									

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STRENGTH IN NUMBERS

