



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

Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Wednesday, May 20, 2015

Forward contract prices opened mixed to higher this morning.

US cash markets were slightly lower yesterday as packers don't have the required lead time to meet Memorial Day demand. However, wholesale pork prices rallied to new heights yesterday, as retailers scramble to complete their inventory buildup before Memorial Day. All cuts made a contribution to the \$2.00/cwt gain in the pork cut-out yesterday, taking the benchmark index to its highest level since mid-January. The direction of wholesale pork prices over the next 2 weeks will be critical in determining where the summer cash highs will be, as packers will look to protect their operating margins entering the period when the hog supply is its tightest. Currently, Lean Hog futures are very cautious about factoring in any gains, as the summer month contracts hold no premium over the current cash market. The impressive gains in the cash market over the last six weeks, which resulted in a \$20/cwt (or 33% increase), have some traders betting that the market cannot sustain its current trajectory. For producers with some summer price coverage, no action at current prices is recommended and targets placed \$10/ckg higher than current July-August forward prices are attainable.

Canadian delivered soymeal prices opened lower this morning.

Despite persistent old crop demand and labour issues in S. America that are being labelled logistical hurdles, the trade continues to grind lower on production expectations. US planting progress is above last year (and five year averages), and emergence is slightly above the 5-year average pace at 13%. There is also talk of increasing yield expectations adding pressure. However, there is a lot of time between now and harvest; weather uncertainties and the aforementioned logistical issues in S. America are limiting the downside.

Canadian delivered corn prices opened even this morning.

Strong planting progress, decent emergence (56% compared to the 40% 5-year average) and meagre year to date export data are pressuring. The USDA reported ~1.1MMT in export inspections for May 14th, but this brings the total to 64.5% of USDA expectations compared to a 68.2% 5-year average. Supportive factors include some wetness concerns, and the recent storm that ripped through the Northern US and southern Canadian prairies ushered in a cold front that is being watched in the northern states. However, these issues are considered localized and not reportedly widespread.

US Slaughter	
426,000	Tuesday
410,000	Tuesday (year ago)
W. Corn Belt	\$80.65
National Price	\$82.42
Daily Sig 3	\$180.52
Daily Sig 4	\$178.63
Thunder Creek	\$180.27
4-Month Fwd.	\$170.71
B of C Ex. Rate (Noon)	
\$1.2211 CAD/ \$0.8189 USD	
Cash Prices Week Ending May 16, 2015	
Signature 3	176.57/80.09
Signature 4	168.58/76.47
h@ms Cash	175.07/79.41
Hylife	168.25/76.32
Thunder Creek	171.10/77.61
ISO Weans	\$39.28 US Avg.
Feeder Pigs	\$63.58 US Avg.
#1 Export Sows (Tagged)	\$27.50 cwt. (+500lbs.)

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		180.44	176.10	168.36	158.81	147.14	138.72	143.77	143.61	147.54
		180.44	182.28	179.43	164.43	161.12	144.34	147.71	152.60	153.16
Maple Leaf Sig. #4		173.97	174.23	170.86	158.03	151.63	141.18	145.10	145.10	151.26
		176.36	179.01	175.93	170.42	159.61	148.15	148.58	150.60	153.22
Soymeal Winnipeg Delivered	437	437	437	4.33	430	427	427	427		
Corn Wpg, Delivered	187									

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

TECHNICAL EXCHANGE and INDUSTRY DISCUSSION

Friday May 29, 2015 - Starbuck Community Hall

Doors Open at 2PM for Registration.

BBQ and More - Featuring: Trent Loos

