



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, May 21, 2015

**Forward contract prices opened lower this morning.** US cash markets moved lower yesterday, dipping below the US\$80/cwt benchmark in the key Midwestern reporting regions. Packers have pulled back on their cash bids as they have already filled their Memorial Day fresh pork orders and are attempting to recover from their red operating margins. The pork cut-out value is running near \$86.00/cwt, the highest its traded in the last 4 months. Pork prices have experienced significant support from record high beef prices which have some consumers looking for less expensive alternatives. July and August Lean Hog futures gained close to \$1.00/cwt in trade yesterday with support coming from wholesale pork prices, however this morning's lower trend has erased most of those gains. Futures traders are taking a 'wait and see' approach to the summer month contracts by valuing these contracts equivalent to current cash prices. Many traders are characterizing the current futures market as overbought and expect weaker cash market fundamentals with Memorial Day demand already met.

**Canadian delivered soymeal prices opened higher this morning.** While new and old crop soybean export inspections have come in slightly higher than trade expectations (normally, a supportive function), talk of high yields amid decent planting progress and emergence, as well as high global production expectations generally, are more than offsetting any support from exports. The relatively low CAD, a function of low energy markets and a strengthening USD, is helping hog producers, but making it relatively more expensive to purchase meal locally. Despite this, spot prices are coming in at \$440 CAD/MT (S. Man.) and \$470 CAD/MT (FOB Langham) at opening this morning.

**Canadian delivered corn prices opened even this morning.** The market is recovering from lows on thoughts of technical positioning despite more pressure facing the trade. Planting progress and emergence is above 5-year averages and the current weather concerns (some wetness in the Corn Belt and a cold front to the north) are not thought to significantly damage the corn crop on a widespread basis. Current USDA (trend line) yield estimates point to an increasing ending stocks number even with some lost acreage. However, there are some that think trend line might be a bit too high for production estimates this early in the season.

US Slaughter	
423,000	Wednesday
405,000	Wednesday (year ago)
W. Corn Belt	\$79.31
National Price	\$82.58
Daily Sig 3	\$177.53
Daily Sig 4	\$179.00
Thunder Creek	\$177.60
4-Month Fwd.	\$170.56
<b>B of C Ex. Rate (Noon)</b>	
\$1.2212 CAD/ \$0.8189 USD	
<b>Cash Prices Week Ending May 16, 2015</b>	
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		179.41 179.41	176.69 182.86	168.09 179.50	158.55 164.16	146.54 160.48	138.14 143.74	143.18 147.10	142.86 151.83	146.78 152.39
Maple Leaf Sig. #4		172.98 175.37	174.80 179.58	170.60 175.99	157.77 170.17	151.02 158.98	140.61 147.55	144.51 147.98	144.42 149.85	150.50 152.45
Soymeal Winnipeg Delivered	440	440	441	436	433	430	431	431		
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.



## IMPORTANT NOTICE

Monday, May 25 is Memorial Day in the US and markets are closed  
Forward Contracting and Feed programs will likewise be closed  
The h@ms main office will remain open  
Normal business operations resume Tuesday, May 26.

STRENGTH IN NUMBERS

