



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, May 28, 2015

**Forward contract prices opened higher this morning.** US cash markets have been stable, following the Memorial Day holiday, which is better than many had anticipated. Daily hog slaughter has been running higher than 430,000 hogs, compensating for the lost production on Monday. Hog weights are expected to increase slightly for the same reason, but the long term trend has been lower, with average carcass weights dropping about 8lbs so far in 2015. Wholesale pork prices have been firm, as retailers start to replenish fresh pork inventory. The pork cut-out is trading near its highest level for 2015, benefitting from retailers giving up some of their margin in order to move larger volumes. Pork compares very favourably against record high beef prices, however chicken still holds a significant price advantage over pork. Chicken continues to deal with export limitations placed by countries concerned about the spread of Avian Influenza, while the impact of the disease on chicken production has been negligible. Lean Hog futures have found support from the current cash market trend, with summer month contracts approaching levels not seen since January. Producers looking to add price protection should consider setting targets \$10/ckg higher than current summer prices.

**Canadian delivered soymeal prices opened higher this morning.** There is continuing talk that the oversold condition in the soybean trade could trigger a technical bounce. In the meantime, the general consensus for beans is that short term rallies could be considered selling opportunities. Fundamentals remain bearish with cooperative US weather and if S. America starts to move beans (when the strikes end), there is talk that further lows could materialize. However, the market has priced in most of the production expectation so a turnaround or sudden demand uptick could spark buying.

**Canadian delivered corn prices opened even this morning.** Like beans, corn fundamentals remain bearish at present amid good weather for crop development, a high USD and thoughts that the Chinese will generally avoid US corn at the same time production is increased globally. The 'low' may already be reached (or is very near) with talk that the market has priced in these factors. However, corn acres are expected to 'go to' soybeans and private production estimates are so far using trend line yields which are argued to be too high, meaning estimates could be lowered still (relative to last year) potentially adding support further out.

US Slaughter	
431,000	Wednesday
417,000	Wednesday (year ago)
W. Corn Belt	\$79.90
National Price	\$82.01
Daily Sig 3	\$182.85
Daily Sig 4	\$181.74
Thunder Creek	\$182.65
4-Month Fwd.	\$172.96
<b>B of C Ex. Rate (Noon)</b>	
\$1.2485 CAD/ \$0.8010 USD	
<b>Cash Prices Week Ending May 23, 2015</b>	
Signature 3	179.16/81.27
Signature 4	177.36/80.45
h@ms Cash	177.66/80.59
Hylife	176.03/79.85
Thunder Creek	177.30/80.42
ISO Weans	\$37.97 US Avg.
Feeder Pigs	\$67.66 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			182.76 189.05	172.59 184.59	162.86 168.58	150.14 165.19	141.56 147.28	146.71 150.71	146.68 155.84	150.69 156.42
Maple Leaf Sig. #4			180.75 185.62	175.10 180.97	162.03 174.66	154.69 163.15	144.06 151.15	148.05 151.59	148.05 153.80	154.46 156.46
Soymeal Winnipeg Delivered	456	456	457	447	443	442	442	442		
Corn Wpg, Delivered	187									

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## TECHNICAL EXCHANGE and INDUSTRY DISCUSSION

Friday May 29, 2015 - Starbuck Community Hall

Doors Open at 2PM for Registration.

**BBQ and More - Featuring: Trent Loos**

