



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, May 29, 2015

**Forward contract prices opened higher this morning.** US cash markets moved higher yesterday, as packers are short of live hogs to complete this week's kill. However, packer demand was dampened by the significant drop in wholesale pork prices with the pork cut-out falling \$2.65/cwt. yesterday. All pork primal cuts were reportedly down from Wednesday's trade with Ribs dropping nearly \$5.00/cwt. High beef prices have been enough to keep the futures market on a bullish trend, but yesterday's cash market fundamentals will likely limit further gains today. Summer month contracts are starting the day near recent highs, but there has been technical resistance limiting the gains beyond current levels. The Canadian Dollar lost another 50 basis points against its US counterpart, hitting its lowest level in the last 40 days. Producers looking to add price protection should consider setting targets \$10/kg higher than current summer prices, while targets for the fall period should be set lower given the expectation of increased supplies pressuring prices.

**Canadian delivered soymeal prices opened lower this morning.** Talk that the current Argentine crushers' strikes are near to being resolved, and ideal weather conditions in the US are keeping rallies in check. However, beans remain technically oversold and extremely sensitive to short covering and month end repositioning; as well, any news of disruption in weather or logistics could be enough to spur buying given that production estimates for the US new crop are extremely preliminary. Private estimates are currently using a lot of assumptions (such as 'normal' weather, trend-line yields, and last year's disappearance). Regardless, the outlook is bearish and rallies are considered selling opportunities in the short term.

**Canadian delivered corn prices opened even this morning.** While the fundamental outlook is still relatively bearish, ethanol data has provided support to the trade that, like beans, is in an oversold condition. Ethanol stocks were lower by 0.3%, nodding to a draw from export demand. As well, ethanol production came in at 969,000 bbl., a 1.2% increase over last week and 4.5% above last year. There is talk that this turnaround might incent some short covering given the largely oversold market, but also like beans, recent rallies are considered selling opportunities observing the fundamental picture and cooperative growing conditions for the US new crop.

US Slaughter	
413,000	Thursday
419,000	Thursday (year ago)
W. Corn Belt	\$81.39
National Price	\$82.06
Daily Sig 3	\$186.14
Daily Sig 4	\$181.74
Thunder Creek	\$182.53
4-Month Fwd.	\$173.58
<b>B of C Ex. Rate (Noon)</b>	
\$1.2477 CAD/ \$0.8015 USD	
<b>Cash Prices Week Ending May 30, 2015</b>	
Signature 3	180.80/82.01
Signature 4	181.16/82.17
h@ms Cash	179.30/81.33
Hylife	n/a
Thunder Creek	178.90/81.15
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			185.19 191.50	173.77 185.58	164.02 169.76	150.83 166.31	142.23 147.96	147.39 151.40	147.39 156.91	151.73 157.48
Maple Leaf Sig. #4			183.11 188.00	176.27 181.94	163.16 175.83	155.39 164.72	144.73 151.83	148.72 152.28	148.72 154.84	155.50 157.51
Soymeal Winnipeg Delivered	448	448	449	441	436	431	432	432		
Corn Wpg, Delivered	187									

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**TODAY!**

## TECHNICAL EXCHANGE and INDUSTRY DISCUSSION

Friday May 29, 2015 - Starbuck Community Hall

Doors Open at 2PM for Registration.

BBQ and More - Featuring: Trent Loos

