



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, June 03, 2015

Hog Prices: ↓ Soymeal: ↓

Corn: ↔ CDN Dollar: ↑

Forward contract prices opened lower this morning. US cash markets were lower in trade yesterday, as packers met their production schedules without bidding the uncommitted hog supply higher. Wholesale pork prices made modest gains yesterday, improving the pork cut-out to \$87.37, the highest price for the benchmark so far in 2015. However, ham prices continue to slow gains in the carcass cut-out as this primal cut represents ¼ of the animal by weight and has failed to see any significant price improvement for months. Lean Hog futures are reflecting the lack of support from wholesale pork prices, with the summer month contracts holding a modest premium over current cash prices. Some traders believe the hog supply will grow at a quicker than average pace over the next 3 months which will prevent sustainable gains in the cash hog market over this timeframe. US weekly hog slaughter has averaged 2.5% higher than 2013 levels recently, but a continued increase in the number of pigs saved per litter resulting from the use of PEDv vaccines, could add to late summer hog supply.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher. There are thoughts that the second straight session of gains is in part a function of a market correction given that the fundamental picture has not changed (large production volumes are anticipated) and the recent labour disruption in S. America has been resolved. Residual support from the soyoil trade has also been supportive; however the meal trade is in a mixed and choppy pattern. There have also been some delays in planting and emergence, the sum of all factors helping the market to correct its oversold condition.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Lower than expected crop progress (only 3% higher than last week) as well as support from the wheat trade has triggered some buying. The general consensus is that this buying is also a market correction that, like soybeans, has been trading in an oversold condition recently. Support also comes from thoughts that final acreage reports will show corn has switched to beans and is additionally supported by the November soybean to December corn futures ratio at 2.43:1, a number that indicates an incentive to plant beans.

US Slaughter	
422,000	Tuesday
407,000	Tuesday (year ago)
W. Corn Belt	\$80.35
National Price	\$82.08
Daily Sig 3	\$182.97
Daily Sig 4	\$181.00
Thunder Creek	\$182.65
4-Month Fwd.	\$167.64
B of C Ex. Rate (Noon)	
\$1.2423 CAD/ \$0.8050 USD	
Cash Prices Week Ending May 30, 2015	
Signature 3	180.80/82.01
Signature 4	181.16/82.17
h@ms Cash	179.30/81.33
Hylife	179.45/81.40
Thunder Creek	178.90/81.15
ISO Weans	\$38.55 US Avg.
Feeder Pigs	\$64.93 US Avg.
#1 Export Sows (Tagged) \$29.00 cwt. (+500lbs.)	

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		179.52 185.80	167.65 179.46	157.95 163.66	145.38 160.34	136.81 142.52	141.95 145.95	141.95 152.27	147.14 152.84
Maple Leaf Sig. #4		177.60 182.47	170.31 175.99	157.27 169.87	150.07 158.91	139.89 146.53	143.43 146.97	143.43 150.33	150.99 152.98
Soymeal Winnipeg Delivered	444	444	437	432	427	427	427		
Corn Wpg, Delivered	170								

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WINNIPEG LIVESTOCK
Hwy #6 AND RD 236

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