

Friday, February 20, 2015

**Forward contract prices opened mixed this morning.** US cash markets made a surprising move higher yesterday, with most regions reporting an increase in bids of close to \$2.00/cwt. US Producers may have been cautious to ship animals in the unseasonably cold weather, but packers were able to secure a daily slaughter of over 430,000 hogs. Packers still have strong incentive to maintain full production schedules as their operating margins are still strong, especially as there is increased talk that hog numbers will tighten in the weeks ahead. Spring and summer Lean Hog futures have recovered the losses that mounted over the last two weeks, in part due to firmer cash prices, but also influenced from technical indicators that suggest support at the lows that were put in earlier this week. Current forward prices for the summer timeframe represent good value in the context of the current market fundamentals and historical trends. Historically, the cash market gains \$35/ckg over the next 4 months to the summer highs, while the forwards currently have a market rally of nearly \$50/ckg priced into them.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures have backed off yesterday's rally which saw gains of up to 16¢ (March) following news that acreage is projected to be lowered for the 2015/16 crop year. The USDA Outlook Forum numbers suggest 83.5 million acres of soybeans will be planted in 2015; down from the previous estimate of 84 million and lower than the 83.7 million planted last year. However, ending stocks are still expected to be between 400 and 500 million bu., a level that is influencing pressure this morning along with good production estimates from S. America.

**Canadian delivered corn prices opened even this morning.** Like soybeans, US corn futures have turned around from a brief rally yesterday that followed news acreage will be lower than last year and well off the 97.2 million acre record set in 2012. Plantings are expected to be around 89.0 million acres, up from December's estimate of 88.0, but down 1.6 million from last year. Export data is delayed to today due to the shortened week, but export numbers have been relatively meagre recently - support comes from better than expected ethanol data.

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

US Slaughter	
431,000	Thursday
416,000	Thursday (year ago)
W. Corn Belt	\$59.19
National Price	\$62.65
Daily Sig 3	\$135.47
Daily Sig 4	\$138.84
Thunder Creek	\$135.26
4-Month Fwd.	\$ 167.73
<b>B of C Ex. Rate (Noon)</b>	
\$1.2486 CAD/ \$0.8008 USD	
<b>Cash Prices Week Ending February 21, 2015</b>	
Signature 3	130.57/59.23
Signature 4	139.87/63.44
h@ms Cash	138.37/62.76
Hylife	n/a
Thunder Creek	134.30/60.92
ISO Weans	\$36.57 US Avg.
Feeder Pigs	\$67.68 US Avg.
#1 Export Sows (+500lbs)	\$32.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		144.09 144.66	145.36 149.96	162.96 177.91	177.91 184.81	180.46 186.78	167.71 182.26	153.92 160.81	138.81 156.41	130.18 135.93	139.38
Maple Leaf Sig. #4		144.42 147.54	147.67 151.23	162.59 177.96	177.96 183.53	181.43 186.33	172.53 181.61	156.06 170.30	146.45 157.52	135.75 143.33	140.88
Soymeal Winnipeg Delivered	530	521	516	516	508	508	505	508			
Corn Wpg, Delivered	196										

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.

STRENGTH IN NUMBERS



Important h@ms Marketing Phone Numbers

Main Switchboard: 204-233-4991

Toll Free: 1-800-899-7675

Logistics Coordinator (Crystal): 204-235-2225

Risk Management: 204-235-2237

