

Thursday, February 26, 2015

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

US Slaughter	
406,000	Wednesday
424,000	Wednesday (year ago)
W. Corn Belt	\$65.99
National Price	\$64.33
Daily Sig 3	\$150.22
Daily Sig 4	\$141.80
Thunder Creek	\$150.00
4-Month Fwd.	\$ 173.80
B of C Ex. Rate (Noon)	
\$1.2419 CAD/ \$0.8052 USD	
Cash Prices Week Ending February 21, 2015	
Signature 3	130.57/59.23
Signature 4	139.87/63.44
h@ms Cash	138.37/62.76
Hylife	137.87/62.54
Thunder Creek	134.30/60.92
ISO Weans	\$47.60 US Avg.
Feeder Pigs	\$72.66 US Avg.
#1 Export Sows (+500lbs) \$30.00/cwt. (Tagged)	

Forward contract prices opened mixed this morning. US cash markets gained another \$1.00/cwt in trade yesterday while the pork cut-out lost \$1.50/cwt, continuing the weakness it has experienced throughout the week. The trend of cash hog values and pork values is not sustainable as estimated gross margins for packers have been cut in half over the last 3 trading sessions. Hog and pork production appears to be on a lower trend, reflective of normal seasonality. While the cold weather in the US Midwest has affected the marketing schedule of many producers, the fact that carcass weights have dropped close to 3 lbs. since the beginning of 2015 supports the idea producers are very current with their marketings. Lean Hog futures are opening lower this morning, reflecting traders' concerns over the cash market's ability to maintain its bullish trend. Typically, the cash market will appreciate by approximately \$35/ckg from now into the summer highs. With summer forward prices holding a premium to the current cash market similar to historical levels, forward prices represent good value, especially as most anticipate a larger than seasonal increase in pork production.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading higher. Traders are citing ongoing labour issues with Brazil truckers as reason for continued short term strength in the market this morning. Add to this a relatively slow start to the S. American harvest and traders are figuring demand for US beans will remain high until Brazil's product actually gets to market. Large production volumes are bearish for the medium to longer term despite the short term support that has been maintained as of late.

Canadian delivered corn prices opened higher this morning. Bearish news came from the International Grains council pegging world corn output at 938 MMT, lower than the season's high, but the third largest on record. Expectations of weakening ethanol demand and talk that the Black Sea region is selling corn would have a pressuring effect, and is at least keeping the upside in check. But, support comes from strength in soybeans, talk of higher input costs in 2015/16, and positive economic expectations for India and China, suggesting growth in the region is not going to slow as previously expected.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			145.81 150.40	165.04 179.96	179.96 186.85	183.52 189.86	172.30 185.60	158.47 165.38	143.27 159.31	134.71 140.42	140.99 143.85
Maple Leaf Sig. #4			148.08 151.64	164.60 179.94	179.94 185.49	184.41 189.32	177.00 184.86	160.48 174.77	150.69 160.57	140.07 147.59	145.16 147.59
Soymeal Winnipeg Delivered	523	519	514	514	507	508	505	510			
Corn Wpg, Delivered	201	203									

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