



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, March 02, 2015

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

Forward contract prices opened higher this morning. US cash markets are called lower to start this week, moderating the gains that were experienced in last week's trade. Last week's slaughter was estimated at 2.262 million hogs or about 6% larger than the same week in 2014. Hog marketings are expected to slow over the course of the next month, reflecting the normal seasonal influence; however, producers will likely continue to pull hogs ahead of schedule in an effort to make room for hogs that have not been lost to PEDv as they were last year. Last week, Lean Hog futures recovered from contract lows as traders referenced the strengthening cash market as a critical support for the nearby contracts. The market was also supported by the gains in wholesale pork prices on Friday as there was growing concern that the cash market gains were not sustainable with pork prices still moving lower. All forward contract periods represent good value when compared to the current cash market and the historical trend. Some summer contracts are priced at a \$40/kg premium, the highest level seen in a month.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are starting the week higher, mainly on support coming from the Brazil truckers' strike that is choking off supplies and presumably influencing customers to source product from the US in the short term. Mid to long term is still called lower and there is evidence that the funds are generally taking bearish positions. As well, there are rumors Argentine farmers may be pressured by the government to sell soon as they have been hanging on to beans as a currency and inflation hedge, but limiting tax revenue from the export.

Canadian delivered corn prices opened even this morning. There has generally been a creeping long liquidation in corn, but recent thoughts are that this trend could turn around on improving basis levels and support from cash markets. As well as, there is some uncertainty regarding production estimates for next season with the Outlook Forum projecting acreage estimates some believe could be too low by as much as 2 million acres. If the forum estimates are correct, further support is expected, but that support could evaporate if corn captures a higher acreage, all else equal.

US Slaughter	
2.262 mil.	Last Week
2.142 mil.	Last Week (year ago)
W. Corn Belt	\$66.01
National Price	\$66.15
Daily Sig 3	\$151.34
Daily Sig 4	\$146.87
Thunder Creek	\$151.58
4-Month Fwd.	\$ 174.40
B of C Ex. Rate (Noon)	
\$1.2508 CAD/ \$0.7994 USD	
Cash Prices Week Ending February 28, 2015	
Signature 3	146.19/66.31
Signature 4	141.32/64.10
h@ms Cash	139.82/63.42
Hylife	141.73/64.29
Thunder Creek	131.90/59.83
ISO Weans	\$43.79 US Avg.
Feeder Pigs	\$69.42 US Avg.
#1 Export Sows (+500lbs)	\$30.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		144.80 149.41	166.29 181.26	181.26 188.17	184.26 190.60	174.18 185.87	160.35 167.27	147.96 162.72	139.88 145.07	145.65 148.53
Maple Leaf Sig. #4		147.14 150.71	165.83 181.22	181.22 186.79	185.13 190.04	178.83 185.13	162.31 176.60	155.34 163.94	144.62 152.21	149.75 152.21
Soymeal Winnipeg Delivered	517	511	511	504	505	504	508			
Corn Wpg, Delivered	203									

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.

2015 District Meetings	Location	Date and Time
Swift Current	Days Inn - 905 N. Service Rd., Swift Current, SK	Tues. March 10, 10:00AM
Saskatoon	Sandman Hotel - 310 Circle Dr. W., Saskatoon, SK	Tues. March 10, 4:00PM
H.B. Marketing and MB West	Headingley C.C. - 5353 Portage Ave, Headingley, MB	Tues. March 17, 2:00PM
Heartland Marketing	Starbuck C.C. - 25 Main Street, Starbuck, MB	Thurs. March 19, 2:00PM
Manitoba East	Smitty's - Clear Spring Centre, Steinbach, MB	Fri. March 20, 12:00 noon