



# Hog Margin Outlook

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Tuesday, March 03, 2015

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

**Forward contract prices opened lower this morning.** US cash markets opened this week with slight gains despite abundant supplies available to packers. Yesterday's daily slaughter was pegged at 432,000 hogs, in line with recent daily kills, but much larger than year ago levels. Production for the month of February ran more than 6% higher than year ago levels despite the fact that PEDv losses never really took hold until March 2014. There are indications that producers are attempting to be more current with their hog marketings as average carcass weights have dropped over the last two months, but they do remain higher than weights seen one year ago. Futures traders are being cautious about adding to last week's gains as the heavy market ready supplies are limiting the cash market. Producers should look at covering some of their fall price risk as hog supplies could approach slaughter capacity levels in some areas, and considering current prices represent good value compared to average seasonal trends.

**Canadian delivered soymeal prices opened lower this morning.** US soybeans are trading lower but are poised to bump up against key technical support levels that so far remain in place. However, there is talk that US demand is waning on thoughts that the Brazil trucker strike is coming under pressure from the general public as dairy and meat processing plants temporarily shut down (raising food prices), as well as the accompanying inconvenience and job loss that are resulting in 'deteriorating' support for the strike. Despite waning export demand, inspections are at 86.0% (77.6% 5-yr average).

**Canadian delivered corn prices opened even this morning.** Export inspections of 1.25 MMT were supportive yesterday as expectations were for ~900,000MT at the high end. However, there is talk that Argentina and the Ukraine remain fierce competitors with cheaper product that has kept the trade's upside in check. In fact, the market is lower as of this writing, but has shown support in the early morning trade. Traders are calling for a two-sided and choppy in the absence of any real fundamental news, before the planting intentions report gets released later this month.

US Slaughter	
432,000	Tuesday
395,000	Tuesday (year ago)
W. Corn Belt	\$66.22
National Price	\$67.17
Daily Sig 3	\$152.15
Daily Sig 4	\$149.45
Thunder Creek	\$152.20
4-Month Fwd.	\$ 171.29
<b>B of C Ex. Rate (Noon)</b>	
\$1.2535 CAD/ \$0.7977 USD	
<b>Cash Prices Week Ending February 28, 2015</b>	
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		142.23 146.80	163.12 177.95	177.95 184.80	181.05 187.33	170.96 182.77	157.25 164.10	145.22 159.82	136.64 142.36	142.93 145.79
Maple Leaf Sig. #4		144.58 148.12	162.71 177.96	177.96 183.48	181.96 186.83	175.61 182.07	159.25 173.40	152.59 161.07	141.95 149.49	147.05 149.49
Soymeal Winnipeg Delivered	500	497	497	492	492	491	495			
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