



Hog Margin Outlook

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Thursday, March 05, 2015

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

Forward contract prices opened higher this morning. US cash markets were lower yesterday, but wholesale pork values experienced a much needed boost, gaining nearly \$1.00/cwt and providing packers with more room in their operating margins. The daily hog slaughter remains stubbornly high, estimated at 433,000 hogs, which brings the running total for the week to 1.3 million head or 6.7% higher than year ago levels. Lean Hog futures are coming under pressure this morning, with traders growing concerned about the larger than expected production. In order for the futures market to hold steady, traders need evidence of a seasonal shift away from huge supplies that the cash market has recently produced. Summer and fall forward contract prices reflect good value given the premium that they hold to the cash market and ongoing concerns of a burdensome supply. Producers should look at mitigating some of their price risk for this time frame, covering as much as 25% of August - December production at current prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed as the market attempts to reconcile evidence of waning US demand with a slow entrance of Brazilian beans (and S. American product in general) onto world markets. An end to the trucker strike and an advancing S. American harvest is pressuring. US export sales released this morning came in at 499,484MT, just shy of the high market expectation of 500,000MT, but the number is indicative of a slowing demand. Short term support could come from some protest activity in Argentina, but is expected to be short lived.

Canadian delivered corn prices opened even this morning. Export sales numbers released this morning were in line with expectations coming in at 828,000MT against the market's guess of between 700,000 and 1MMT. Mixed support comes from the ethanol industry showing production down 1.7% compared to last week but up, 4.1% from last year. The Ukraine is so far maintaining its competitive price advantage, and is keeping the upside in check. There is some support due to news of a three day grain selling strike in Argentina, but corn has yet to be harvested there, limiting the potential effects.

US Slaughter	
433,000	Wednesday
419,000	Wednesday (year ago)
W. Corn Belt	\$64.85
National Price	\$69.06
Daily Sig 3	\$147.87
Daily Sig 4	\$152.48
Thunder Creek	\$147.60
4-Month Fwd.	\$ 168.27
B of C Ex. Rate (Noon)	
\$1.2440 CAD/ \$0.8038 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		143.03 147.61	159.05 173.93	173.93 180.80	176.72 183.02	169.62 178.71	155.87 162.74	144.50 158.20	135.91 141.64	142.21 145.07
Maple Leaf Sig. #4		145.38 148.93	158.79 174.08	174.08 179.62	177.78 182.66	174.34 178.16	157.93 172.12	151.91 159.52	141.71 148.81	146.36 148.81
Soymeal Winnipeg Delivered	495	494	494	488	488	487	490			
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