



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, March 06, 2015

Forward contract prices opened lower this morning. US cash markets are finishing the week steady to slightly lower, as packers have not had to compete for hog supplies due to the heavy supplies. The monthly slaughter total for February is expected to be close to 7% higher than year ago levels, in part due to producers attempting to lower weights and become more current marketers. However, the sizable increase in slaughter is only partly a result of a shift in the marketing schedule; it is evident that PEDv losses are far less than last year. The number of PEDv cases being reported is approximately one third of the cases reported in February 2014. Lean Hog futures are being pressured by the larger than anticipated supply, as spring and summer contracts have weakened. Despite this, the summer timeframe is still priced at more than \$30/c/kg higher than today's cash market, which is in line with levels typically seen at this time of year. Producers should consider the price implications of hog supply maintaining the January-February levels through the summer months, where year over year slaughter increases could reach +15% in some weeks.

Canadian delivered soymeal prices opened higher this morning. News that the US dollar is approaching 11-year highs against a basket of currencies is pushing global customers to source S. American beans at precisely the same time there is a seasonal shift away from US beans and harvest ramps up in the southern hemisphere. There is no real supportive news save for that exports are expected to rise in next week's WASDE report. Traders ahead of the WASDE report are suggesting numbers within expected ranges will be bearish for the trade; and they are generally expecting that to materialize, barring any surprises.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower on suggestions that acreage could very well be increased for the 2015/16 season. However, traders will have to wait until March 31, when the Planting Intentions report comes out; many suggest acreage estimates could be higher than the Outlook Forum numbers by 2 million acres. The recent drop in corn has increased ethanol margins, and some suggest demand from the sector could increase amid waning pressure in the energy markets that have recently staged a modest recovery.

US Slaughter	
408,000	Thursday
417,000	Thursday (year ago)
W. Corn Belt	\$64.92
National Price	\$68.97
Daily Sig 3	\$148.53
Daily Sig 4	\$152.82
Thunder Creek	\$148.20
4-Month Fwd.	\$ 167.43
B of C Ex. Rate (Noon)	
\$1.2482 CAD/ \$0.8011 USD	
Cash Prices Week Ending March 7, 2015	
Signature 3	149.94/68.01
Signature 4	150.55/68.29
h@ms Cash	148.44/67.33
Hylife	n/a
Thunder Creek	149.40/67.77
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		140.68 145.31	158.41 173.44	173.44 180.38	176.32 182.69	169.26 178.87	155.37 162.32	144.08 158.05	135.38 141.18	141.76 144.66
Maple Leaf Sig. #4		143.17 146.75	158.22 173.66	173.66 179.26	177.47 182.40	174.11 178.37	157.52 171.87	151.65 159.45	140.87 148.51	146.04 148.51
Soymeal Winnipeg Delivered	500	498	498	492	492	491	495			
Corn Wpg, Delivered	200									

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