



# Hog Margin Outlook

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Monday, March 09, 2015

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

**Forward contract prices opened lower this morning.** US cash markets are expected to start this week steady to higher as most packers have chosen to attempt a full production schedule during weekdays, and fewer of them choosing to run a shift on the weekend. Last week's slaughter came in at 2.22 million hogs, approximately 7% larger than the first week of March last year. Packers have shown more caution in sourcing their live hog supplies as operating margins have shrunk to their lowest levels in months by virtue of lower wholesale pork prices. Lean Hog futures experienced weakness in trade last week, as influence from the cash market has left traders cautious about the premium that the summer month contracts are keeping to the current cash market. Should hog supplies continue at levels experienced over the last 2 months, the market would need to find a way to clear 10% more pork from the market than we did last year through the summer months. This would be a difficult task with export markets experiencing weakness and increased competition in the domestic market from chicken. Producers should consider covering a quarter of their 2015 price risk to bring certainty to their cash flow amid difficult market conditions.

**Canadian delivered soymeal prices opened higher this morning.** March's WASDE report from the USDA will be released mid-trade Tuesday, but the general consensus is that this report will unlikely be a major market mover. There are thoughts that the Planting Intentions (for 2015/16) and Grain Stocks reports released later in the month will have a greater impact. For now the average trade guess for ending stocks is expected to come in at 377 million bu., ranging between 350 and 385 million, slightly lower than the 385 million bu. in February's report.

**Canadian delivered corn prices opened lower this morning.** Like soybeans, the US corn trade is awaiting fresh news for direction. Also like soybeans, however, reports released at the end of the month will likely have greater impacts on prices. Analysts' average estimates for March ending stocks are near February estimates at 1.83 billion bu. (ranging between 1.777 and 1.899 billion), but feed and residual use could be revised higher on thoughts of greater demand from livestock producers due to expansion in chicken and pork production.

US Slaughter	
2.222 mil.	Last Week
2.072 mil.	Last Week (year ago)
W. Corn Belt	\$63.79
National Price	\$68.76
Daily Sig 3	\$147.52
Daily Sig 4	\$153.97
Thunder Creek	\$147.70
4-Month Fwd.	\$ 168.92
B of C Ex. Rate (Noon)	
\$1.2616 CAD/ \$0.7926 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	150.42/68.23
Thunder Creek	149.40/67.77
ISO Weans	\$43.74 US Avg.
Feeder Pigs	\$71.63 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		141.53 145.00	157.93 172.94	172.94 179.87	176.96 183.34	168.80 180.32	154.90 161.85	143.61 157.12	134.93 140.72	141.30 144.19
Maple Leaf Sig. #4		142.87 146.45	157.74 173.18	173.18 178.77	178.10 183.04	173.68 179.78	157.07 171.43	151.18 158.54	140.41 148.04	145.57 148.04
Soymeal Winnipeg Delivered	512	508	508	501	502	500	504			
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