



Hog Margin Outlook

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Tuesday, March 10, 2015

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

Forward contract prices opened mixed this morning. US cash markets eroded further yesterday as burdensome supplies provide no rationale for packers to compete for the excess hogs. Yesterday's slaughter was estimated at 432,000 hogs, similar with last week, but 6% larger than last year. Carcass weights are running steady near 215 lbs., which is still 4lbs heavier than last year when weights hit record highs. Lean Hog futures are struggling to find any reason to rally as the heavy supply combined with poor export market performance, leaves more product for the domestic market to absorb. While the high price of beef continues to be positive for pork, chicken is only adding to the supply of meat as production is ramping up and struggling with its export sales as well. The deferred month contracts of October and December have been relatively firm over the past week, but could see significant weakness ahead if traders start factoring in production level increases similar to what we are currently experiencing. US slaughter capacity could be a major factor on cash prices as early as September, but the futures market will factor this in long before then.

Canadian delivered soymeal prices opened higher this morning. Although major market moves are unexpected following today's WASDE report, traders will nonetheless be eyeing it for fresh news. Analysts' estimates have so far implied minor revisions lower to February's ending stocks estimates, coming in around the 1.83 billion bu. mark. However, there are rumors the feed and residual number could be revised higher amid a trade that had remained supported, and thoughts that this support could last until the release of the Planting Intentions report that comes out March 31.

Canadian delivered corn prices opened lower this morning. There is a general consensus that the US corn trade will remain two sided and choppy, likely until the end of the month, despite today's WASDE report at 11am, Central. The commitments of traders report has shown that the funds have liquidated the top 13 agricultural commodities to low levels, keeping the upside in check. However, there is talk that recent short covering ahead of today's report, as well as thoughts of a smaller 2015/16 crop generally, have been out weighing any pressure.

US Slaughter	
432,000	Monday
407,000	Monday (year ago)
W. Corn Belt	\$63.23
National Price	\$68.15
Daily Sig 3	\$146.01
Daily Sig 4	\$152.40
Thunder Creek	\$145.80
4-Month Fwd.	\$ 167.45
B of C Ex. Rate (Noon)	
\$1.2598CAD/ \$0.7937 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		141.41 144.89	156.07 171.13	171.13 178.08	175.16 181.55	169.70 179.18	155.76 162.73	144.03 157.63	135.34 141.13	140.55 144.61
Maple Leaf Sig. #4		142.77 146.36	155.96 171.44	171.44 177.04	176.37 181.32	174.57 178.68	157.92 172.32	151.59 159.03	140.82 148.44	144.86 148.44
Soymeal Winnipeg Delivered	515	511	511	503	504	501	506			
Corn Wpg, Delivered	200									

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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