Hog Margin Outlook

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Wednesday, March 11, 2015

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

US Slaughter	
433,000	Tuesday
412,000	Tuesday (year ago)
W. Corn Belt	$63.28
National Price	$68.15
Daily Sig 3	$146.53
Daily Sig 4	$152.81
Thunder Creek	$146.20
4-Month Fwd.	$ 166.91
B of C Ex. Rate (Noon) $1.2633 CAD/ $0.7915 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)	

Forward contract prices opened mixed this morning. *US cash markets continue to be burdened by heavy pork production, which has far exceeded most traders' expectations over the last month. The surplus of pork can no longer be explained by producers pulling hogs ahead of schedule, as carcass weights have been stable at an average of 215 lbs. Fewer pigs have been lost to PEDv due to tighter biosecurity protocols and the new vaccines that have been in use for the last six months. However, the factor that best explains the increase in hog numbers has been expansion in the breeding herd, consistent with the USDA's December Hog and Pigs survey which had the breeding herd up 3.7% over the previous year. Yesterday, the USDA made some changes to their supply and demand forecast, including adjustments to imports, exports and production. The result is an increase in the amount of pork (190 million lbs.) that needs to be absorbed in the domestic market. Lean Hog futures are trading lower again this morning, following this news. However, the September – December forward contract prices are near steady with yesterday's values due to further weakness in the Canadian Dollar.*

Canadian delivered soymeal prices opened lower this morning. *All variables for US soybeans remained unchanged from February in yesterday's WASDE report, the very definition of a neutral report. Market reaction was slightly lower for the trade, mostly on global production estimates which came in at 315.1 MMT for March (a record), and on ending stocks numbers that despite being unchanged, remains at an eight year high of 385 million bu. The trade will now look to harvest progress in S. America for direction as well as toward Planting Intentions estimates at the end of the month.*

Canadian delivered corn prices opened lower this morning. *US corn futures turned slightly lower following the release of the March WASDE report yesterday, but are poised to recover. As expected, feed and residual use was revised higher (50 million bu.), but was offset by a 50 million bu. reduction in demand from the ethanol sector. The report was considered mildly supportive for US corn, though, as export demand was revised higher than in February, in turn lowering ending stocks estimates for the year and prompting average price estimates to be boosted by $0.05 USD/ bu.*

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		142.28 145.78	155.29 170.48	170.48 177.49	174.01 180.44	169.80 177.98	156.59 163.61	145.37 158.93	136.60 142.45	141.86 145.95
Maple Leaf Sig. #4		143.66 147.28	155.25 170.86	170.86 176.52	175.30 180.28	174.62 177.56	158.77 173.26	153.00 160.35	142.13 149.83	146.20 149.83
Soymeal Winnipeg Delivered	515	509	509	501	502	500	503			
Corn Wpg, Delivered	200									

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