



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, March 13, 2015

**Forward contract prices opened higher this morning.** US cash markets were mixed yesterday, but have been on a bearish trend as supplies continue to outpace expectations. Market psychology is negative with seemingly all of the new developments affecting hog market fundamentals pressuring prices further. Pork product markets are holding steady, with retailers and wholesalers alike hesitant to make significant price cuts to their customers. 2015 Lean Hog futures hit new lows in trade yesterday, with cash market weakness and the news of a confirmed case of Avian Influenza (H5N2) in Arkansas, one of the largest chicken and turkey producing states. The expected losses are quite limited when compared to the entire US industry, however the market impact comes from trade restrictions imposed by export partners that are applied to whole states. The market is currently working in the risk of a significant inventory backlog in the US, which would eventually pressure the prices of all competing meats. Producers looking to protect some of their hog price risk should view rallies as selling opportunities, particularly in the September-December timeframe.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading lower. Seasonal pressure (as world buyers look to S. America for supplies) and the recent announcement that bird flu has affected a turkey flock in Arkansas are pressuring. There are concerns that if import restrictions are imposed by other countries as a result of the disease, feed demand could be curbed sufficiently enough to exert extra pressure on the meal market. Brazil production has been estimated 1.3 MMT lower by CONAB to 93.3 MMT, but the USDA has kept Brazil's production estimate unchanged at 94.5 MMT.

**Canadian delivered corn prices opened lower this morning.** Thoughts that US corn prices are now high enough to incent some end users to import along with thoughts that the recent bout of bird flu in Arkansas and Missouri (unconfirmed) could ultimately curb feed demand is weighing on the market to close the week. As well, Argentine harvest is now at 3.4% and while this doesn't have a big price implication on the trade yet, it does suggest more corn could be coming to world markets soon and will likely have a pressuring effect when supplies start to move.

US Slaughter	
433,000	Thursday
407,000	Thursday (year ago)
W. Corn Belt	\$60.89
National Price	\$67.42
Daily Sig 3	\$141.65
Daily Sig 4	\$151.87
Thunder Creek	\$141.40
4-Month Fwd.	\$ 161.80
<b>B of C Ex. Rate (Noon)</b>	
\$1.2691 CAD/ \$0.7879 USD	
<b>Cash Prices Week Ending March 14, 2015</b>	
Signature 3	145.38/65.94
Signature 4	152.93/69.37
h@ms Cash	143.88/65.26
Hylife	n/a
Thunder Creek	149.10/67.63
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		134.66 138.18	149.95 165.20	165.20 172.24	168.75 175.21	163.94 172.16	150.95 158.00	140.17 153.38	131.36 137.23	136.65 140.76
Maple Leaf Sig. #4		136.31 139.94	150.09 165.77	165.77 171.45	170.24 175.24	168.99 171.94	153.34 167.89	148.02 155.01	137.10 144.84	141.20 144.84
Soymeal Winnipeg Delivered	507	502	502	498	498	496	496	486	485	485
Corn Wpg, Delivered	203									

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2015 District Meetings	Location	Date and Time
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