



Hog Margin Outlook

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Monday, March 16, 2015

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

Forward contract prices opened lower this morning. US cash markets are called lower this morning as abundant hog supplies and heavy carcass weights are contributing to the unexpected 10% increase in weekly pork production. The USDA estimated last week's hog slaughter at 2.227 million hogs, larger than the previous week and far exceeding most analysts' expectations. Adding pressure to the cash market is evidence US pork exports are running below year ago levels, causing pork supplies to build up in cold storage facilities. The next Cold Storage report, to be released next Monday could trigger further weakness, especially as the market prepares for the 1st Quarter Hogs and Pigs report due out next Friday. Lean Hog futures are starting the week with lower bids reflecting the weak cash market fundamentals. Producers looking for price protection through the summer and fall months should view any market rallies as a selling opportunity. Downside price risk remains significant with pork production expected to run more than 15% larger than year ago some weeks, while domestic and export consumption is slow.

Canadian delivered soymeal prices opened lower this morning. US soybean prices are trading mixed across the board to start the week. The support comes from thoughts that the massive crop from Brazil will be delayed in coming to market as a result of large political protests in Brazil over the weekend. There are thoughts these protests could disrupt logistics and supply chains if sustained. However, there is evidence that demand for US beans is waning amid a high USD, an 11-year low for the Real (Brazilian currency), and thoughts that the S. American crop will move to market (at some point) keeping the upside in check.

Canadian delivered corn prices opened even this morning. Thoughts of fund selling and some negative technical indicators are pressuring the trade. However, there is talk surfacing that the trade is bracing for a lower-than-expected acreage update from the USDA at the end of the month, leading to talk of a corrective bounce. At this point, US corn acreage is very much a 'wild card'; there's wide speculation that the last official USDA acreage estimate (Outlook Forum) is low by as much as 2 million acres, but thoughts are that if the Planting Intentions reflect the Forum sentiments, the trade will be supported.

US Slaughter	
2.227 mil.	Last Week
2.024 mil.	Last Week (year ago)
W. Corn Belt	\$59.79
National Price	\$66.95
Daily Sig 3	\$140.31
Daily Sig 4	\$152.13
Thunder Creek	\$140.20
4-Month Fwd.	\$ 161.62
B of C Ex. Rate (Noon)	
\$1.2803 CAD/ \$0.7810 USD	
Cash Prices Week Ending March 14, 2015	
Signature 3	145.38/65.94
Signature 4	152.93/69.37
h@ms Cash	143.88/65.26
Hylife	150.84/68.42
Thunder Creek	149.10/67.63
ISO Weans	\$42.64 US Avg.
Feeder Pigs	\$70.68 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		132.21 135.73	148.29 163.56	163.56 170.60	166.58 173.05	160.48 169.22	146.97 153.43	134.26 148.84	125.45 131.32	130.74 134.85
Maple Leaf Sig. #4		135.99 137.58	148.49 164.18	164.18 169.87	168.14 173.15	165.75 169.10	148.92 163.48	142.31 150.62	131.38 139.12	135.48 139.12
Soymeal Winnipeg Delivered	501	501	501	496	496	494	493	483	483	483
Corn Wpg, Delivered	203									

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
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