



# Hog Margin Outlook

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Tuesday, March 31, 2015

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

## Forward contract prices opened higher this morning.

US cash markets are called steady, supported by thoughts that producers are current with marketings despite a higher than expected slaughter that came in at 435,000 compared to 434,000 at the same time last week. In comparison 397,000 were slaughtered at this time last year. Cash markets were mixed with support materializing in the ISM and WCB reporting regions at \$0.64 USD/cwt on average. The National reporting region was lower by a similar amount. Lean hog futures were active following the first full day of trading after the release of the USDA's Quarterly Hogs and Pigs report, but generally reacted as expected; there was less support for the nearby contracts on news of high inventories, but were a little more supportive in the October to December time frame on news that the breeding herd was down 1.3% relative to expectations. Markets have been supportive despite receiving bearish news for the nearby contracts, but a lot of pork is still expected to enter the marketplace and producers without protection in the autumn to winter time frame are encouraged to seek protection if they have not done so already.

### March 27 Hogs and Pigs Report Summary (2015 % of 2014)

	Avg	REPORT
All Hogs and Pigs	106.8	107.2
Kept for Breeding	103.6	102.2
Kept for Marketing	107.2	107.7
< 50 lbs.	108.6	109.3
50-119 lbs.	106.8	106.5
120-179 lbs.	106.1	105.9
> 180 lbs.	107.0	108.8
Pig Crop	109.2	109.2

Source: Thacker, Umer Barry; DLR; USDA

## Canadian delivered soymeal prices opened higher this morning.

Prospective Planting and Grain Stocks reports will be released at noon (Eastern) today and there are generally thoughts that the market is poised for more pressure. In terms of stocks at March 1, the expectation is for US numbers to come in between 1.250 and 1.413 billion bu. compared to 994 million bu. last year at this time. Acreage estimates are expected to come in between 83.1 and 88.0 million acres compared to 83.7 last season. If the higher acreage materializes, the US could see 664 million bu. in ending stocks for 2015/16, 1.7x higher than the 385 million estimated for 2014/15.

## Canadian delivered corn prices opened lower this morning.

There are expectations of near term pressure for US corn, but support further out as crop acreage potentially 'shifts' to soybeans as well as on expectations the next season's carryout will not be as high as in 2014/15. March 1 stocks are estimated to come in between 7.459 and 7.800 billion bu. compared to 7.008 last year. Acreage is estimated between 87.0 and 89.9 million acres; over 90.6 million acres were planted last year. Ending stocks are projected at 1.3 billion bu. on average compared to 1.8 billion bu. for 2014/15.

US Slaughter	
435,000	Monday
397,000	Monday (year ago)
W. Corn Belt	\$56.44
National Price	\$61.47
Daily Sig 3	\$131.27
Daily Sig 4	\$138.45
Thunder Creek	\$131.40
4-Month Fwd.	\$170.66
<b>B of C Ex. Rate (Noon)</b>	
\$1.2689 CAD/ \$0.7880 USD	
<b>Cash Prices Week Ending March 28, 2015</b>	
Signature 3	130.38/59.14
Signature 4	140.71/63.83
h@ms Cash	128.88/58.46
Hylife	138.57/62.85
Thunder Creek	136.80/62.05
ISO Weans	\$32.46 US Avg.
Feeder Pigs	\$65.61 US Avg.
#1 Export Sows (+500lbs)	\$38.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Maple Leaf Sig. #3			152.76 167.91	167.91 174.90	173.51 179.93	169.01 177.18	156.83 163.83	144.92 159.28	136.16 142.00	141.41 145.50	141.41
Maple Leaf Sig. #4			152.78 168.35	168.35 173.99	174.80 179.77	173.83 176.77	158.98 173.45	152.55 160.69	141.69 149.38	145.76 149.38	145.76
Soymeal Winnipeg Delivered	491	489	489	486	487	484	482	480	481	481	
Corn Wpg, Delivered	198	198									

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