



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, December 09, 2014

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

US Slaughter	
430,000	Monday
433,000	Monday (year ago)
W. Corn Belt	\$84.05
National Price	\$87.57
Daily Sig 3	\$176.74
Daily Sig 4	\$178.33
Thunder Creek	\$179.87
4-Month Fwd.	\$168.45
B of C Ex. Rate (Noon)	
\$1.1472 CAD/ \$0.8716 USD	
Cash Prices Week Ending December 06, 2014	
Signature 3	179.02/81.20
Signature 4	177.74/80.62
h@ms Cash	176.24/79.94
Hylife	176.15/79.90
Thunder Creek	179.20/81.28
ISO Weans	\$74.77 US Avg.
Feeder Pigs	\$87.60 US Avg.
#1 Export Sows (+500lbs)	n/a this week Tagged

Forward contract prices opened mixed this morning. US cash markets continue to show weakness on thoughts packers will have ample supplies to fill weekly slaughter; the CME lean hog index has dropped week over week so far. Increased hog weights have helped fill demand schedules and recent data is showing a slight week over week increase in weight despite the recent bout of cold weather across much of the Midwest. ISM and WCB regions were \$1.52 and \$0.22 USD/cwt lower than previous day while the National region showed no change. Lean hog futures opened lower this morning, following continued weakness across all offered contracts, and accompanied by thoughts that the market is now oversold which could set up the trade for a corrective bounce. Despite the recent pressure, deferred contracts from the beginning of July to the end of October are showing some relative strength suggesting good value in the June onward timeframe. While the nearby forward contract prices have come under pressure, producers are encouraged to examine current offerings further out.

Canadian delivered soymeal prices opened mixed this morning. Support remains for the commodity on good export data, technical signals that have turned around from previous week, and expectations that ending stocks will be revised lower in tomorrow's WASDE report. But a bearish tone remains on good weather forecasts from S. America (still poised for record production despite downgrades to estimates) and on talk that pipeline and supply issues should start to ease in January. In the meantime, local meal customers are reminded to factor ongoing logistics issues in their purchase plans and to expect delays.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Like soybeans, decent export numbers and technical signals are supportive in the short term. However, the trade remains generally of the view that pressure is likely in the face of decent production estimates and lower energy markets despite rumors yesterday that global stocks could be less than originally thought. Ending stocks are expected to be revised upward and global stocks (now) virtually unchanged in the WASDE report, released tomorrow.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		165.50 167.08	163.51 168.65	165.09 168.75	169.95 173.11	178.05 185.41	183.31 189.62	184.60 190.43	176.93 184.35	160.77 169.24	162.88
Maple Leaf Sig. #4		162.20 165.44	162.30 166.46	162.30 166.15	166.62 168.86	173.74 182.10	180.26 185.35	182.87 187.38	178.72 181.60	160.50 175.69	161.94
Soymeal Winnipeg Delivered	555	506	489	489	483						
Corn Wpg, Delivered	182										

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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