



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

# Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Tuesday, December 16, 2014

**Forward contract prices opened mixed this morning.** US cash markets broke under the \$80/cwt benchmark in a couple of USDA reporting regions yesterday, a price not seen since last January. Cash bids are still above year ago levels, but are at risk of dropping below those levels should the downtrend continue this week. Lean Hog futures have been following the cash market's move lower, but technical indicators suggest a reversal is possible after the support seen in the nearby contracts yesterday. Several factors have led the market lower including growing production levels, falling beef prices and chicken production that has jumped close to 10% over year ago levels in the last few weeks. In one week, the USDA will release its latest Hogs and Pigs report which is expected to show a significant increase in the breeding herd, and possibly the pig crop numbers over the last two months. The result on the summer month contracts could be another move lower as production could exceed 2014 levels by more than 10% throughout the summer months. Producers considering price protection in this timeframe should start to build a position in advance of the report's release.

**Canadian delivered soymeal prices opened lower this morning.** Continued beneficial forecasts for S. America and expectations of relatively large production estimates in both hemispheres are pressuring. Action in other markets weighs on the trade as well; pressure from energy markets, drops in commodities (gold) and a strengthening US dollar against a basket of currencies. There is talk that Argentine farmers may be forced to sell imminently as some banks are rumored to be threatening to cut credit lines. Support comes from healthy exports and strong demand.

**Canadian delivered corn prices opened even this morning.** US corn continues to see some support following the 'surprising' news that the Chinese government could soon drop an import ban on certain varieties of US corn and DDGs. While China is not the largest US corn customer, it is a significant. US corn sales are picking up but actual movements have been lacklustre. Export inspections were down from expectations posting 22.9% of expectations against a 27% 5-year average. There is continued talk that current FAS (acreage) data may influence production estimates lower for 2014/15, adding support.

US Slaughter	
432,000	Monday
436,000	Monday (year ago)
W. Corn Belt	\$80.28
National Price	\$86.53
Daily Sig 3	\$171.14
Daily Sig 4	\$178.62
Thunder Creek	\$173.22
4-Month Fwd.	\$168.95
<b>B of C Ex. Rate (Noon)</b>	
\$1.1630 CAD/ \$0.8598 USD	
<b>Cash Prices Week Ending December 13, 2014</b>	
Signature 3	177.33/80.44
Signature 4	178.75/81.08
h@ms Cash	177.25/80.40
Hylife	177.07/80.32
Thunder Creek	178.70/81.06
ISO Weans	\$75.71 US Avg.
Feeder Pigs	\$88.42 US Avg.
#1 Export Sows (+500lbs)	n/a this week (Tagged)

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		163.93 165.54	163.51 167.14	165.11 168.84	169.71 172.92	178.69 186.18	184.04 190.45	184.94 190.84	178.12 184.77	160.96 169.54	162.97
Maple Leaf Sig. #4		160.71 164.02	162.37 165.05	162.37 166.29	166.41 168.69	174.39 182.88	181.01 186.19	183.25 187.82	179.13 182.04	160.75 176.12	162.07
Soymeal Winnipeg Delivered	542	518	493	493	483	483					
Corn Wpg, Delivered	190										

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Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 3:00 PM	<b>Dec. 24 (Wed.)</b>	8:30AM – 12 noon
Closed	<b>Dec. 25 &amp; 26 (Thurs. &amp; Fri.)</b>	Closed
8:00AM – 3:00 PM	<b>Dec. 31 (Wed.)</b>	8:30AM – 12 noon
Closed	<b>Jan. 1 (Thurs.)</b>	Closed