



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Tuesday, December 23, 2014

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

Forward contract prices opened lower this morning.

US cash markets moved sharply lower in trade yesterday as the holiday-reduced production schedule impacted packer demand. Two of the USDA reporting regions reported cash bids down by \$2.70 and \$3.52/cwt, taking cash prices to their lowest level of 2014. Yesterday, the USDA released its Monthly Cold Storage report which showed another significant drop in pork inventory. Pork supplies were down by 11% compared to year ago levels, to their tightest supplies for 2014. While it is difficult to reconcile the tightest supplies with the lowest prices, there are expectations of production increases that are influencing the cash market. This afternoon's release of the Hogs and Pigs report will be a catalyst for the market, with the breeding herd number expected at +3% over year ago levels. Deferred summer and fall contracts of 2015 could come under additional price pressure. Significant uncertainty outside of the herd expansion issue remain in the market with PEDv losses, export demand, and chicken and beef influences all contributing to higher volatility. Producers should consider pricing a portion of their 2015 production at current prices.

	Estimate	Range
All Hogs and Pigs	101.5%	100.8%-102.5%
Kept for Breeding	103.0%	102.0%-103.5%
Kept for Marketing	101.3%	100.6%-102.4%
< 50 lbs.	103.7%	102.5%-105.8%
50-119 lbs.	102.7%	101.2%-104.4%
120-179 lbs.	99.4%	97.8%-101.0%
> 180 lbs.	97.5%	94.4%-99.6%
Pig Crop	103.3%	102.4%-104.4%

Source: Meyer and Steiner, DLR; Urner Barry

US Slaughter	
435,000	Monday
440,000	Monday (year ago)
W. Corn Belt	\$74.33
National Price	\$82.06
Daily Sig 3	\$158.63
Daily Sig 4	\$169.59
Thunder Creek	\$157.28
4-Month Fwd.	\$167.76
B of C Ex. Rate (Noon)	
\$1.1643 CAD/ \$0.8588 USD	
Cash Prices Week Ending December 20, 2014	
Signature 3	168.31/76.34
Signature 4	177.02/80.30
h@ms Cash	175.52/79.62
Hylife	173.77/78.82
Thunder Creek	175.40/79.56
ISO Weans	\$76.11 US Avg.
Feeder Pigs	\$88.00 US Avg.
#1 Export Sows (+500lbs)	n/a this week (Tagged)

Canadian delivered soymeal prices opened higher this morning.

Nearby support is a function of continued demand across the complex and on thoughts that the Chinese are currently 'front loading' available supplies from the US. However, there is a general expectation that demand will shift to S. America around March 2015, and with strong production estimates expected, it is thought that there will be more than enough product to satisfy international demand and curb US exports. Increased usage from feed and ethanol is expected in the January WASDE, adding some support.

Canadian delivered corn prices opened even this morning.

Yesterday, Syngenta received a safety certificate from China for a banned variety that was 'commingling' with shipments of US corn, leading to the rejection of ~1.2MMT of US product and a de-facto ban on all US corn (despite being for a specific variety). The expectation is for increased exports of US corn and DDGs to the country and for some support in the trade. China is not the US' largest importer of corn, but it is a significant customer.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		161.96	160.64	162.24	166.86	175.46	180.81	181.74	171.85	154.65	152.93
		161.96	163.57	165.98	170.07	182.95	187.23	187.66	182.28	163.25	156.69
Maple Leaf Sig. #4		158.08	159.59	159.59	163.65	171.26	177.89	180.16	173.81	154.65	153.50
		160.56	161.60	163.52	165.93	179.75	183.06	184.74	179.64	170.06	156.00
Soymeal Winnipeg Delivered	553	541	502	502	492	492					
Corn Wpg, Delivered	189										

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