



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

# Hog Margin Outlook

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Monday, December 29, 2014

**Forward contract prices opened higher this morning.** US cash markets are starting the week with steady bids compared to last Wednesday, the last reported price, when cash prices made a modest increase. Holiday impacts on the slaughter schedule and price reporting make it difficult to measure the available supply, but the last full slaughter week resulted in a 2.5% decline in numbers compared to year ago levels. Lean Hog futures opened higher this morning, consistent with Friday's trade. All contract months have experienced support since the release of the Hogs and Pigs report, despite survey results showing market hog and breeding inventory higher than most had anticipated. The recent strength may be attributed to the latest PEDv update which has shown a significant increase in the number of case accessions being reported in December. Significant uncertainty remains for the spring and summer prices, which will continue to result in a choppy price trend as traders concerned with market fundamentals are influenced by the latest news. Producers without price protection in 2015, should consider a base level of protection at around \$190/ckg for the April – August timeframe.

Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 3:00 PM	December 31 (Wed.)	8:30AM – 12 noon
Closed	January 1 (Thurs.)	Closed

**Canadian delivered soymeal prices opened higher this morning.** US soybeans are trading higher to start the shortened trading week amid fund buying, and decent demand. A synopsis of outlooks suggests pressure in the medium-to-long term IF this year's US ending stocks estimates remain stable, S. American production is not disrupted by major weather events, and some US acreage next year shifts from corn to soybeans (expected). Quantitatively, analysts are looking for a stocks-to-use ratio improving from the current 2.6% (record low) to 12.5% in the US (30% globally). Price pressure is typically indicated around the 10% mark.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading lower. Pressure comes from selling that began Wednesday and also from the wheat trade, where an expected Russian export tariff on its own product (implemented to 'stabilise' its domestic supplies) was largely expected to squeeze world supply; tariffs were ultimately lower than expected and the market response has been mild. Unlike soybeans, US corn exports have yet to pick up steam (report delayed until today). Support is on thoughts exports will pick up when China resumes buying US corn and DDGs.

US Slaughter	
n/a	Last Week
n/a	Last Week (year ago)
W. Corn Belt	\$75.33
National Price	\$80.52
Daily Sig 3	\$160.49
Daily Sig 4	\$166.12
Thunder Creek	\$160.13
4-Month Fwd.	\$171.33
<b>B of C Ex. Rate (Noon)</b> \$1.1623 CAD/ \$0.8603 USD	
<b>Cash Prices Week Ending December 27, 2014</b>	
Signature 3	160.92/72.99
Signature 4	168.66/76.50
h@ms Cash	167.16/75.82
Hylife	166.30/75.43
Thunder Creek	165.70/75.13
ISO Weans	\$65.13 US Avg.
Feeder Pigs	\$87.13 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		163.47	162.97 165.07	164.58 168.31	169.28 172.49	179.08 186.56	184.42 190.84	184.17 190.06	174.68 185.28	157.55 166.12	156.20 159.95
Maple Leaf Sig. #4		162.01	161.85 163.05	161.85 165.78	165.99 168.27	174.76 183.25	181.39 186.57	182.49 187.05	176.52 182.53	157.44 172.78	156.66 159.15
Soymeal Winnipeg Delivered	572	561	513	513	497	497					
Corn Wpg, Delivered	190										

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Contact Andy  
Cell: 204-868-0419  
Toll Free: 844-834-2702 ext. 235

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