

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

Hog Margin Outlook

Meeting Your Marketing Needs

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

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Tuesday, December 30, 2014

Forward contract prices opened mixed this morning. US cash markets started the second consecutive short production week with lower bids, as packers are having no trouble sourcing live supplies with production hours cut by close to 25% again this week. Regional cash markets are trading at their lowest level of 2014, down close to 50% from the peak in July, when PEDv reduced supplies triggered a spike in pork prices. Cattle and beef markets continue to influence the pork and hog futures market heavily, as short supplies of cattle and the related uncertainty has caused a choppy, volatile trend. Lean Hog futures are up about 3% from last week's levels, despite a bearish Hogs and Pigs report which forecasted supplies climbing 6% over 2014 levels for most of next year. Over the next 2 weeks, lower production levels and tight inventories should be supportive to both the cash and futures markets. Producers looking to bring price certainty to their 2015 hog prices should consider setting targets \$4-\$6/kg higher than current forward prices for about 20% of their production.

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 lower this morning. US soybean futures are trading higher lead by soy oil and bean demand that currently shows export inspections and bean sales above 5-year averages. Monsoons have curbed Malaysian palm oil production and there is talk that Brazil will increase soy oil demand by as much as 40% amid a biodiesel mandate increase. However, there is further talk that extra crush in Brazil may lead to an excess of available meal on world markets and potentially some price pressure for the feed.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower, appearing to have broken the upward trend that has resulted in the highest pieces since mid-July. Demand has been relatively strong and export sales are currently within 0.2% of the five year average. But despite this 'bullish' news, the market turned lower yesterday late in the session, continuing this morning, and there is now talk that some profit taking and liquidation is in the works, adding some pressure to the trade.

US Slaughter	
437,000	Monday
437,000	Monday (year ago)
W. Corn Belt	\$74.63
National Price	\$78.99
Daily Sig 3	\$159.12
Daily Sig 4	\$163.08
Thunder Creek	\$158.81
4-Month Fwd.	\$171.19
B of C Ex. Rate (Noon) \$1.1632 CAD/ \$0.8596 USD	
Cash Prices Week Ending December 27, 2014	
Signature 3	160.92/72.99
Signature 4	168.66/76.50
h@ms Cash	167.16/75.82
Hylife	167.06/75.78
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		162.92	162.77 164.52	164.37 168.10	168.95 172.16	179.46 186.95	184.81 191.22	185.61 191.50	175.96 186.19	158.80 167.38	157.45 161.21
Maple Leaf Sig. #4		161.48	161.65 162.52	161.65 165.57	165.67 167.95	175.13 183.62	181.76 186.93	183.89 188.46	180.50 183.41	158.66 174.02	157.88 160.37
Soymeal Winnipeg Delivered	559	548	502	502	490	490					
Corn Wpg, Delivered	189										

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The h@ms Marketing Office and Winnipeg Livestock will be closed on Thursday Jan. 1. Normal business operations resume Friday, January 2, 2015.

STRENGTH IN NUMBERS