



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Tuesday, January 06, 2015

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

Forward contract prices opened lower this morning. US cash markets were lower yesterday to start the week, with all US reporting regions showing weakness. Coming out of the holidays, packers had an easy time meeting their slaughter requirements in spite of the cold weather and pulled back their cash bids. Interestingly, US cash markets are trading almost exactly the same as last year and the 5-year average, at around US\$75/cwt. Lean Hog futures were divided yesterday, with the nearby contracts experiencing weakness in part due to fund selling. However, traders are generally more optimistic about the near term price trend than is typical at this year as reflected by the modest discount that February contract holds to the current cash market. Both cash and futures markets are expected to experience significant price swings, by as much as +/-20%, due to uncertainty related to all of the major factors. The general consensus is that the major factors include: breeding herd and productivity growth, losses from PEDv, competing meat prices, export market conditions, and the overall health/strength of the US economy.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Fund buying and some South American weather concerns are adding support this morning although it is widely expected that CONAB (Brazilian crop agency) will release updated crop estimates on Friday that will be among record levels. There is talk of falling interior meal basis and further talk that this particular rally is at or near its high. However, pessimistic CONAB and WASDE report (Monday) numbers coupled with strong demand could sustain strength in the short to medium term.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Strength in wheat and soybeans as well as talk that funds are buying amid a shift from other markets (equities and energy) to 'the ags' is in part supporting the US corn trade this morning. Spotty weather patterns in S. America (from rumors of too dry to too wet) are also adding some uncertainty. There is talk that China is looking to the US for DDG purchases and further out, there are expectations of lowered US acreage next year adding support.

US Slaughter	
437,000	Monday
311,000	Monday (year ago)
W. Corn Belt	\$74.61
National Price	\$77.96
Daily Sig 3	\$161.20
Daily Sig 4	\$163.11
Thunder Creek	\$160.97
4-Month Fwd.	\$170.82
B of C Ex. Rate (Noon)	
\$1.1787 CAD/ \$0.8483 USD	
Cash Prices Week Ending January 03, 2015	
Signature 3	160.40/72.76
Signature 4	162.46/73.69
h@ms Cash	160.96/73.01
Hylife	161.16/73.10
Thunder Creek	159.30/72.26
ISO Weans	\$76.79 US Avg.
Feeder Pigs	\$86.37 US Avg.
#1 Export Sows (+500lbs)	n/a this week (Tagged)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		159.69 160.99	161.31 165.10	166.05 169.30	180.89 188.47	186.30 192.80	185.80 191.76	178.72 186.30	160.36 169.02	156.16 163.22
Maple Leaf Sig. #4		158.72 159.14	158.72 162.70	162.89 165.20	176.53 185.13	183.24 188.48	184.12 188.73	179.51 183.55	160.22 175.73	156.90 162.37
Soymeal Winnipeg Delivered	547	502	502	491	491					
Corn Wpg, Delivered	190									

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

follow us @hamsmarketing
twitter

STRENGTH IN NUMBERS

