

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

Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Friday, January 16, 2015

Forward contract prices opened mixed this morning. US cash markets are finishing the week lower, pressured by abundant hog supplies and heavy carcass weights. Packers have been methodical in their buying program, protecting their operating margins and adding hours to their production schedule only when additional animals can be acquired without paying more. Traders are pricing and moving product quickly, as they anticipate abundant supplies will put pressure on prices in the coming weeks. Lean Hog futures are trading lower this morning after a break in the lower trend yesterday. Bearish market fundamentals include a growing herd, fewer PEDv losses, abundant chicken, slow export sales and are all weighing heavy on the market. Producers without coverage in 2015 should consider pricing a portion of their production at current prices to secure profitable margins on a portion of their herd. In particular, the August – October period still represents good value given the mounting factors that are weighing on the market.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. The general consensus is calling for further downside observing generally positive supply outlooks in the mid-to-long term and improving weather forecasts in Brazil, potentially enhancing already large production expectations. Support comes from strong export sales to date although it is widely thought peak demand for US beans is now past, suggesting further weakness for the complex.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. There is talk starting to surface that the 2015 crop could be as 'low' as 1.451 billion bu. (~29% lower than 2014), supporting deferred futures. As well, last summer's crop did not ultimately produce above earlier expectations of 2 billion, settling at 1.877 bu. for the year. While relatively large, there is an expectation that corn acres will be shifted to soybeans in the next year, adding support to the deferred contracts. Cumulative export sales and decent demand from ethanol is supporting the nearby contracts.

US Slaughter	
432,000	Wednesday
424,000	Wednesday (year ago)
W. Corn Belt	\$71.36
National Price	\$76.22
Daily Sig 3	\$156.07
Daily Sig 4	\$161.42
Thunder Creek	\$155.83
4-Month Fwd.	\$165.46
B of C Ex. Rate (Noon)	
\$1.1932 CAD/ \$0.8380 USD	
Cash Prices Week Ending January 17, 2015	
Signature 3	157.11/71.26
Signature 4	162.00/73.48
h@ms Cash	160.50/72.80
Hylife	n/a
Thunder Creek	159.00/72.12
ISO Weans	\$66.81 US Avg.
Feeder Pigs	\$84.76 US Avg.
#1 Export Sows (+500lbs)	\$39.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		153.93 155.04	155.92 159.77	160.67 163.98	173.91 183.84	181.64 188.26	182.16 188.25	176.36 184.11	163.77 172.63	158.79 165.99
Maple Leaf Sig. #4		154.82 155.14	154.82 158.88	159.01 161.36	170.23 181.13	179.20 184.55	180.69 185.41	178.50 183.37	163.63 179.51	159.56 165.13
Soymeal Winnipeg Delivered	498	482	482	473	473	469				
Corn Wpg, Delivered	184									

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


IMPORTANT USA HOLIDAY NOTICE

US markets are closed Monday, January 19.
h@ms Marketing Forward Contracting (feed and hogs) will subsequently be closed on Monday.
The main office will be open.

STRENGTH IN NUMBERS

