



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Tuesday, January 20, 2015

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

Forward contract prices opened lower this morning. US cash markets are called steady to higher this morning as strong packer operating margins provide support to avert a move lower. Estimated operating margins on fresh pork are running near \$25/hog, healthy for this time of year. Cash prices have come under pressure over the last month as supplies have rebounded to levels above a year ago for the first time since February 2014. In addition, carcass weights are being maintained near record levels, resulting in pork production up about 6% over a year ago. Lean Hog Futures are expected to see some positive influence from the recent firming of pork product prices, providing better spring and summer hedging opportunities. The Canadian Dollar is trading at its lowest level in nearly 6 years, contributing positively to Canadian hog prices. Producers without price protection should consider hedging 20% of their April-October production on any price rallies in order to mitigate some of the price uncertainty related to herd growth and weaker domestic/export demand.

Canadian delivered soymeal prices opened mixed this morning. Some support comes from news that China's economy grew 0.1% higher than forecasts (China is the largest importer of US beans); however, growth estimates for 2015 and 2016 are showing some relative weakness. A major investment bank has suggested 2015 beans could price below \$7 USD/bu. (current nearby is ~\$9.96) on thoughts of oversupply. As well as a weakening global economy, good production from S. America and softening export demand expectations for US product are pressuring factors.

Canadian delivered corn prices opened even this morning. While the outlook for corn is less bearish than soybeans - indeed, there is talk of support developing further out, but not substantially until spring planting - the week is starting off lower on thoughts that slow farmer selling has led to abundant supplies. There is talk that South Korea has bought up to 7 loads from the Ukraine (as opposed to the US variant) adding pressure. Traders are watching today to see if the market breaks below some key technical support levels for a potential move lower before support kicks in.

US Slaughter	
2.276 mil.	Last Week
2.263 mil.	Last Week (year ago)
W. Corn Belt	\$70.66
National Price	\$75.25
Daily Sig 3	\$154.98
Daily Sig 4	\$159.83
Thunder Creek	\$154.86
4-Month Fwd.	\$168.43
B of C Ex. Rate (Noon)	
\$1.1966 CAD/ \$0.8357 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	159.92/72.54
Thunder Creek	159.00/72.12
ISO Weans	\$66.02 US Avg.
Feeder Pigs	\$83.40 US Avg.
#1 Export Sows (+500lbs)	\$40.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		152.07	153.73 157.61	158.57 161.91	171.10 181.11	178.89 185.56	179.26 185.38	173.42 181.20	159.47 168.37	153.65 160.84	139.81 142.81
Maple Leaf Sig. #4		152.73	152.73 156.82	157.00 159.37	167.52 178.50	176.57 181.95	177.90 182.64	175.68 179.30	159.49 175.42	154.57 160.57	145.25 148.68
Soymeal Winnipeg Delivered	499	483	483	471	471	467					
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.



Some Important h@ms Marketing Phone Numbers

Main Switchboard: 204-233-4991

Toll Free: 1-800-899-7675

Logistics Coordinator (Crystal): 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

