



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Wednesday, January 21, 2015

**Forward contract prices opened lower this morning.** US cash markets are experiencing widespread weakness with all USDA reporting regions reporting prices well under \$70/cwt. At the same time, wholesale pork prices improved with pork cut-out gaining close to \$1.50/cwt on strength in loins, hams and bellies. The result of the diverging trends in hog and pork prices are a significant improvement in estimated packer operating margins, now running over \$35/hog, the highest in months. Lean Hog futures are starting the day with higher values, suggesting that yesterday's 'limit down' move was overdone. Driving the lower trend in Lean Hog Futures have been the large speculators or 'funds' that have been cutting the size of their long position for months. While their trading decisions are not typically made based on current fundamental factors, the recent slide in cash values have removed a support that has left the market vulnerable to lower values. Producers with targets set before the holidays need to reconsider their expectations for 2015. Target prices on 20% of spring, summer and fall production at prices of \$160/kg for March-April, \$185/kg for May-August and \$165/kg for September-October are fair and attainable.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. The turn upward is thought to be in part a corrective action to the previous day's trend lower; a response to some bearish production outlooks in both hemispheres as well as easing weather concerns in S. America that reduce weather related risk premiums. There have been a recent bout of Chinese cancellations and more are believed to be on the way especially as S. American production becomes available. Brazil harvest has just started and progress is estimated at 1%.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. New reports of export sales, export inspections coming in ~246,000 MT higher than last week, and thoughts that tensions between the Ukraine and Russia are intensifying once again are supportive factors this week. As well, there are thoughts that next year's 2015/16 crop may only leave the US with between 1.032 and 1.604 billion bu. in ending stocks, (adjusting for yield, all else equal), another supportive factor.

US Slaughter	
434,000	Tuesday
431,000	Tuesday (year ago)
W. Corn Belt	\$68.76
National Price	\$75.25
Daily Sig 3	\$152.32
Daily Sig 4	\$161.41
Thunder Creek	\$151.91
4-Month Fwd.	\$166.88
<b>B of C Ex. Rate (Noon)</b>	
\$1.2085 CAD/ \$0.8274 USD	
<b>Cash Prices Week Ending January 17, 2015</b>	
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		149.67	151.36 155.31	156.16 159.55	170.23 180.40	178.14 184.92	178.68 184.90	173.81 181.73	159.19 168.23	153.68 161.01	138.69 142.07
Maple Leaf Sig. #4		150.50	150.50 154.65	154.72 157.12	166.71 177.86	175.90 181.36	177.40 182.22	176.20 179.44	159.30 175.50	154.72 160.83	144.67 148.17
Soymeal Winnipeg Delivered	515	499	499	485	485	480					
Corn Wpg, Delivered	184										

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## Important h@ms Marketing Phone Numbers

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STRENGTH IN NUMBERS

