



Hog Margin Outlook

Meeting Your Marketing Needs

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

www.hamsmarketing.ca

Tuesday, January 27, 2015

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

Forward contract prices opened higher this morning. US cash markets started the week mixed, with abundant supplies available to all reporting regions. Average daily slaughter numbers have been near 435,000 hogs for the last few weeks and some packers have been adding shifts to the week-end schedule due to profitable operating margins. PEDv losses were lower in the late summer, which has contributed to the heavy supplies we have experienced recently. However, recent PEDv case accessions have climbed to more than 110 cases/week in five of the last seven weeks, suggesting that early summer supplies may experience a measureable drop that could offset some of the expansion that the industry has undertaken. Current projections have some weeks late in the summer with slaughter levels close to 10% higher than 2014. Critical to the balance of supply and demand is the extent to which export sales can be utilized to clear some of the excess pork supplies, especially with heavy poultry supplies anticipated. The Canadian Dollar traded under the benchmark level of US\$0.80 early this morning, its lowest level in nearly six years.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading lower. South America has yet to really enter the global market with only about 4% harvested so far in the Mato Grosso region (major production area in Brazil). However, the majority of the S. American crop is in the pod-filling stage and beneficial rain is forecast in areas, adding pressure. The US Congressional Budget Office has released updated US production numbers and is forecasting ending stocks of 498 million bu. versus the USDA's 410 million bu.

Canadian delivered corn prices opened higher this morning. US corn futures are trading lower despite the highest export sales numbers for January 15 (most recent available data) showing the largest number of net sales going back to September 2011. Ethanol production is called lower but remains at relatively high levels. However, ample supply estimates are offsetting bullish news in the short term, and a narrowing soybean/corn spread has traders suggesting bean acres could go back to corn, pressuring further out and adding uncertainty. Not too long ago, corn acres were widely expected to be 'switched' to soybeans.

US Slaughter	
435,000	Monday
404,000	Monday (year ago)
W. Corn Belt	\$68.03
National Price	\$73.21
Daily Sig 3	\$154.76
Daily Sig 4	\$161.28
Thunder Creek	\$155.35
4-Month Fwd.	\$167.17
B of C Ex. Rate (Noon)	
\$1.2411 CAD/ \$0.8057 USD	
Cash Prices Week Ending January 24, 2015	
Signature 3	155.88/70.71
Signature 4	162.06/73.51
h@ms Cash	160.56/72.83
Hylife	159.96/72.56
Thunder Creek	156.90/71.17
ISO Weans	\$63.61 US Avg.
Feeder Pigs	\$85.29 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		150.06	151.76 155.75	156.61 160.03	170.29 180.55	178.27 185.11	181.24 187.51	175.42 183.40	160.69 169.25	154.89 162.30	139.42 142.85
Maple Leaf Sig. #4		150.93	150.93 155.12	155.19 157.62	166.78 178.04	176.06 181.58	179.92 184.79	177.82 180.92	160.25 176.61	155.95 162.14	145.51 149.04
Soymeal Winnipeg Delivered	527	520	516	507	507	498					
Corn Wpg, Delivered	199										

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.



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

