



# Hog Margin Outlook

Meeting Your Marketing Needs

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

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

Monday, February 09, 2015

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

**Forward contract prices opened lower this morning.** US cash markets are reflecting the trend seen all last week although there is some support in the WCB region. Pressure is coming from relatively high carcass weights and slaughter numbers, exacerbated by a US West Coast port worker's labour dispute. There were reports that as many as 18 container ships were lined up at Los Angeles and Long Beach last week when only one or two is typical. These two ports alone handle up to 40% of all US container traffic and further disruptions or a full blown work stoppage could be significant; but the disruptions will ultimately end. The pork cutout remains under pressure, led by hams and butts, at \$72.94, a -\$1.03 change on the day (Omaha plant basis). Lean hog futures start the week following a rally on Friday that saw April, May and June contracts touch limit up levels (the exact opposite of what took place two days earlier). Largely, export data for 2014 influenced the support which showed steady volumes (when decreases were expected), and higher increases in overall value, perhaps hinting that US pork has a less elastic demand curve than originally thought (i.e. customers still kept buying US pork at the higher prices seen last year). Nonetheless, these shifts underscore the volatility endemic in the current trade; uncertainty is high and the market is extremely sensitive to any news as last week's events attest.

**Canadian delivered soymeal prices opened lower this morning.** Soybeans continue to come under moderate pressure on news that Brazil weather could be improving for the pod filling stage and on talk the Buenos Aires grain exchange has lifted the Argentine production estimate to 57 MMT, a record high and 2MMT higher than current USDA estimates. A relatively strong USD has also pressured, making US product more expensive relatively speaking, curbing demand for US beans.

**Canadian delivered corn prices opened even this morning.** US corn futures turned around Friday posting higher at close, after 'bouncing' off the technical 100-day moving average that appears to be holding for now. US corn has come under pressure recently stemming from pressure in commodities in general and some weakness in the ethanol sector on shrinking margins and further pressure from a drop in the price of crude. There is still talk surfacing that a shift from corn to beans next season is not guaranteed.

US Slaughter	
2.250 mil.	Last Week
2.162 mil.	Last Week (year ago)
W. Corn Belt	\$60.79
National Price	\$68.68
Daily Sig 3	\$139.54
Daily Sig 4	\$152.66
Thunder Creek	\$139.55
4-Month Fwd.	\$ 159.50
<b>B of C Ex. Rate (Noon)</b>	
\$1.2523 CAD/ \$0.7985 USD	
<b>Cash Prices Week Ending February 7, 2015</b>	
Signature 3	147.27 / 66.80
Signature 4	157.24 / 71.32
h@ms Cash	155.74 / 70.64
Hylife	154.59 / 70.12
Thunder Creek	154.50 / 70.08
ISO Weans	\$48.67 US Avg.
Feeder Pigs	\$72.74 US Avg.
#1 Export Sows (+500lbs)	\$33.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		138.97 140.68	141.39 144.82	162.79 173.06	170.78 177.63	172.55 178.83	167.41 175.63	157.35 166.49	153.22 160.70	135.79 141.48
Maple Leaf Sig. #4		137.89 142.09	142.01 144.44	160.18 171.46	169.47 174.99	172.18 177.05	170.74 178.38	158.02 174.39	154.84 161.07	141.36 149.15
Soymeal Winnipeg Delivered	495	495	488	488	482	483	482	487		
Corn Wpg, Delivered	191									

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

