

Wednesday, February 18, 2015

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

Forward contract prices opened lower this morning. US packer cash markets were lower again yesterday, as pork supplies back up and inventory levels grow. Pork production typically experiences a downturn at this time of year, but herd expansion and heavy carcass weights have negated the normal seasonal influences. Significant price discounts have been made in the wholesale pork trade in order to clear the market of its inventory and domestic consumers are starting to see the impact of burdensome supplies. Lean Hog futures are finding some buying support this morning, as some traders are seeing a buying opportunity given the new contract lows experienced over the last few days. Despite the erosion in forward contract prices over the last few weeks, producers should consider hedging a portion of their 2015 production, with a focus on the August – December timeframe. Today's contract prices, influenced by higher Lean Hog futures and lower Canadian Dollar provide a good opportunity to mitigate some price risk amid ongoing uncertainty in both supply and demand factors.

Canadian delivered soymeal prices opened higher this morning. US soybean futures have turned around this morning and are trading lower following strength across the complex yesterday in what was generally thought to be a good profit taking opportunity. Net export sales came in higher than expectations, roughly doubling market expectations. As well, Chinese markets are closed for the Lunar New Year and there are thoughts pre-holiday positioning in US markets has contributed to some of the recent strength.

Canadian delivered corn prices opened higher this morning. Like soybeans, US corn futures have turned around and are trading lower following some recent strength. Ethanol crush margins are down but remain profitable, export volumes have slowed somewhat but sales remain relatively strong. In sum, the market is waiting for clear market direction which is thought to come from the USDA's Outlook Forum on the 19th and 20th where the first 'official' projections on acreage for next season will be released.

US Slaughter	
405,000	Tuesday
414,000	Tuesday (year ago)
W. Corn Belt	\$56.27
National Price	\$63.47
Daily Sig 3	\$127.93
Daily Sig 4	\$139.72
Thunder Creek	\$128.80
4-Month Fwd.	\$ 159.34
B of C Ex. Rate (Noon)	
\$1.2403 CAD/ \$0.8062 USD	
Cash Prices Week Ending February 14, 2015	
Signature 3	135.73 / 61.57
Signature 4	148.33 / 67.28
h@ms Cash	146.83 / 66.60
Hylife	146.18 / 66.31
Thunder Creek	145.00 / 65.77
ISO Weans	\$36.57 US Avg.
Feeder Pigs	\$67.68 US Avg.
#1 Export Sows (+500lbs) \$32.00/cwt. (Tagged)	

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		135.14 135.71	136.40 140.98	155.04 169.89	169.89 176.75	172.16 178.41	164.73 174.32	151.09 157.91	139.45 154.52	130.87 136.59	140.03
Maple Leaf Sig. #4		135.73 138.83	138.95 142.49	154.89 170.17	170.17 175.70	173.31 178.15	169.53 174.41	153.25 167.33	147.01 155.95	136.37 143.91	141.47
Soymeal Winnipeg Delivered	515	516	502	502	495	495	493	497			
Corn Wpg, Delivered	196										

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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