



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, February 19, 2015

Forward contract prices opened higher this morning. US cash markets found support in trade yesterday, moving off of the 5 year lows that were put in earlier this week. Hog numbers are starting to tighten, a delayed move of the normal seasonal trend. However, hog carcass weights continue to exceed year ago levels by nearly 3 lbs. which is contributing to the glut in supply. Lean Hog futures are seeing strong gains this morning, responding to the firmer cash markets and a development in the West Coast ports labor dispute. Spring and summer month contracts are trading at their highest level in 2 weeks and are providing a good selling opportunity for those producers still looking to hedge a portion of their price risk. Hog market fundamentals into the summer timeframe are tough given that supply is expected to exceed year ago levels by nearly 12% in some weeks, while pork exports are lagging year ago levels by nearly 10%, adding to the burdensome inventory. The Canadian Dollar is down sharply this morning, providing a further \$1.50/ckg improvement to forward contract prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher ahead of information coming out of the USDA's Outlook Forum over the next two days. Technical traders are talking about a 'top' in the market and most believe a turn lower is eminent. The harvest in Brazil is expected to ramp up from its ~20% harvested level and also is expected to start selling soon now that Carnival festivities are over, keeping today's upside in check. The USDA currently has Argentine production pegged at 56 MMT but some private estimates are as high as 58 MMT.

Canadian delivered corn prices opened even this morning. US corn futures are trading in a mixed and choppy pattern and traders expect this characteristic until the market gets some fresh news for direction. As such, traders are looking to the Outlook Forum which has in recent years often proven to be a market mover; it is the first look at official USDA projections on acreage, yield and production. Strength in wheat is propping up corn to a certain extent, and with the relatively high USD, the Ukraine can maintain its aggressive export pace due to their pricing advantage despite unrest in the region.

US Slaughter	
424,000	Wednesday
431,000	Wednesday (year ago)
W. Corn Belt	\$57.09
National Price	\$62.71
Daily Sig 3	\$130.34
Daily Sig 4	\$138.63
Thunder Creek	\$130.18
4-Month Fwd.	\$ 165.18
B of C Ex. Rate (Noon)	
\$1.2455 CAD/ \$0.8028 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		139.97 140.54	141.22 145.82	161.28 176.23	176.23 183.13	178.47 184.78	168.36 180.88	154.58 161.47	140.61 156.48	132.01 137.74	141.18
Maple Leaf Sig. #4		140.44 143.55	143.66 147.22	160.97 176.33	176.33 181.90	179.49 184.39	173.16 180.27	156.70 170.93	148.14 157.86	137.49 145.03	142.59
Soymeal Winnipeg Delivered	523	514	510	510	503	502	500	504			
Corn Wpg, Delivered	196										

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STRENGTH IN NUMBERS

