

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

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 14, 2016

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

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Forward contract prices opened higher this morning. US cash markets traded higher again yesterday, taking most of the cash market regions to levels not seen since early December. Slow and steady gains in the US cash market are currently the best case scenario, as the hog supply is abundant with packers operating at high efficiency for this time of year. This week's slaughter is expected to be near 2.4 million hogs, the largest number experienced in mid-January. Gains are contingent on improving wholesale pork values as packers will be vigilant in managing their operating margins, especially while live hogs are in heavy supply. Spring, summer and fall month futures are all trading at better than average premiums to the current cash market, with several periods trading at double the 5-year average premium. These pricing opportunities are unrelated to the weakness in the Canadian Dollar, as the low Dollar affects the cash and forward prices equally. Producers should consider covering up to half of their 2016 production at current prices so as to secure profitable margins in a time of heavy pork, chicken and beef supplies.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower despite venturing into technically over-sold territory. Decent December demand numbers from China and a slightly lower carryout (relative to expectations) have not been enough to see sustained support for the trade. There is talk that Argentina is processing a bit more meal as beans start to flow within the country, but the continuing slide of the Canadian dollar will likely offset any meal discounts for Canadian buyers until the CAD finds its bottom, or at least, stabilizes somewhat.

US corn futures opened lower this morning. US corn, while still trading lower, has yet to break through the psychological \$3.50 USD/bu. level across all offered contracts despite trading lower to open the session. There is talk that the corn trade will need a major weather event or a trade disruption that would limit supply and provide some support. Ironically, there is talk Brazil livestock producers could face corn shortages locally, but that rumor has yet to influence the US trade higher. Despite the lows, there is talk renewed profit taking/short covering could develop in the mid-\$3.60s.

US Slaughter	
438,000	Wednesday
433,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$52.85
National	\$56.69
Iowa/S. MN.	\$53.33
Signature 3	\$138.47
Hylife	\$142.59
Thunder Creek	\$139.42
Sig 3 4-Month Fwd.	\$167.96
B of C Ex. Rate (Noon)	
\$1.4294 CAD / \$0.6996 USD	
Cash Prices Week Ending January 9, 2016	
Signature 3	129.74/58.85
h@ms Cash	128.24/58.17
Hylife	136.53/61.93
Thunder Creek	124.20/56.34
ISO Weans	\$57.54 US Avg.
Feeder Pigs	\$64.62 US Avg.
#1 Export Sows (Tagged)	\$18.00/cwt (+500lbs.)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		151.83 153.15	150.44 158.34	160.31 168.13	174.32 192.74	194.05 200.63	191.45 201.29	181.45 197.24	167.58 174.16	165.79 167.10	144.06 161.77	146.68 152.59
Soymeal Wpg Delivered	448	448	448	453	453	458						
Corn	Local delivered price available on request											

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STRENGTH IN NUMBERS

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h@ms Marketing Forward Contracting will be closed Monday, January 18 due to Dr. Martin Luther King, Jr. Day in the US. US Markets will be closed; the Hog Margin Outlook and opening price reports will likewise not be distributed. Normal business resumes on Tuesday, January 19. The main office will remain open.