



Hog Margin Outlook

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Thursday, January 09, 2014

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

US Slaughter	
425,000	Wednesday
426,000	Wednesday (year ago)
W. Corn Belt	\$78.25
National Price	\$81.03
Daily Sig 3	\$154.96
Daily Sig 4	\$155.38
Thunder Creek	\$154.64
4-Month Fwd.	\$171.32
B of C Ex. Rate (Noon) \$1.0804 CAD/\$0.9255 USD	
Cash Prices Week Ending January 3, 2014	
Signature 3	68.39/150.78
Signature 4	68.76/151.58
h@ms Cash	68.08/150.08
Hylife	68.34/150.67
Thunder Creek	66.81/147.30
ISO Weans	\$84.09 US Avg.
Feeder Pigs	\$94.73 US Avg.
#1 Export Sows (+500lbs)	\$57.50/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are under some pressure today following recent strength which has been attributed in part to lower slaughter numbers over the week due to some challenges in getting marketings to the slaughterhouse. When indeed animals do arrive, the higher (record) hog weights are expected to limit bids as enough pork is ultimately processed to fill demand. Today's base prices are higher by \$0.31 to \$0.48/cwt USD across monitored reporting regions although pressure is expected to resume as weather returns to normal across the central and Midwest US and marketings take on a more normal pattern while the market braces for heavier weights. Lean hog futures are under some pressure and are called lower for today's session. Spring and early summer contracts are 'holding up well' due to the uncertainty of PEDv impacts and the Canadian dollar, now trading below \$0.92 USD across all contracts is adding value.

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading higher. Pre-WASDE report technical positioning and strong old crop demand are factors although some private estimates ahead of the report are mildly bearish. S. American production is estimated to have a bearish influence but there is some uncertainty if the USDA will revise supply and demand estimates (if at all); ending stock numbers are the wild card amid rumors the USDA could revise an already low ending stocks estimate even lower.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower ahead of the first WASDE report of 2014. There are general expectations of a bearish report as yields and production are all estimated higher. Add to that the recent Chinese cancelations and some technical rebalancing which saw fund selling before the closing bell yesterday, and the general expectation is that the US corn market is fundamentally bearish.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		161.36 162.35	166.28 169.76	168.66 175.14	184.43 195.41	191.92 196.91	189.39 196.89	177.35 188.39	162.16 169.35	157.65 164.17
Maple Leaf Sig. #4		159.63 160.98	164.68 167.96	164.87 171.44	180.24 190.29	186.81 191.84	184.85 192.02	178.42 184.47	160.14 173.39	160.14 162.27
Soymeal Winnipeg Delivered	556	556	556	558	558					
Corn Wpg Delivered	176	181								

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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