



Hog Margin Outlook

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Friday, January 10, 2014

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

US Slaughter	
429,000	Thursday
429,000	Thursday (year ago)
W. Corn Belt	\$77.55
National Price	\$81.09
Daily Sig 3	\$154.25
Daily Sig 4	\$156.19
Thunder Creek	\$155.29
4-Month Fwd.	\$173.02
B of C Ex. Rate (Noon) \$1.0851 CAD/\$0.9215 USD	
Cash Prices Week Ending January 10, 2014	
Signature 3	69.79/153.87
Signature 4	69.87/154.03
h@ms Cash	69.19/152.53
Hylife	n/a
Thunder Creek	68.63/151.30
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 prices are finishing the week near steady to where they began in spite of the cold weather disruption that had this week's hog slaughter cut by close to 150,000 hogs. The pork cut-out has appreciated by close to \$2.50/cwt over the week providing packers with an incentive to remain aggressive with their buying programs. Futures traders reacted positively to the latest pork export data reflecting sales in November. Total pork exports for that month were only 4% lower than year ago levels, with Mexico posting double digit growth. In fact, Mexico was the number one destination for US pork by volume, up 17% from year ago levels and exceeding the volume sent to Japan by nearly 12 million pounds. February and April Lean Hog futures continue to hold a premium over the current cash market by a margin greater than is typical for this time of year. February – April forward contract prices represent fair value given the recent drop in the Canadian Dollar and \$6-\$10 premium that these weeks hold over the current cash market.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher ahead of today's WASDE report which is expected to provide some direction over the next while. Pre-report average estimates are hovering around USDA numbers including an ending stocks number that comes in at a mildly bullish 149 million bu. However the range of estimates spans 118 to 180 million meaning there is further potential for upside reaction if the USDA numbers reflect the lower number.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. The market is expecting bearish news for US corn in the WASDE report released today at noon, Central. Cumulative exports are 20.4% higher than the 5-year average but modest sales of late and Chinese cancellations are weighing down the demand-side influence. There is talk that the USDA has previously underestimated supply side.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		164.02 165.02	168.02 171.53	170.36 176.89	185.58 196.62	193.11 198.12	190.71 198.25	178.40 189.81	163.07 170.36	158.53 165.08
Maple Leaf Sig. #4		162.22 163.58	166.40 169.69	166.53 173.14	181.36 191.47	187.97 193.02	186.14 193.35	179.48 185.85	161.03 174.42	161.03 163.17
Soymeal Winnipeg Delivered	569	569	569	571	571					
Corn Wpg Delivered	176	181								

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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