



Hog Margin Outlook

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Tuesday, January 14, 2014

Hog Prices: ↑↓ Soymeal:
 ↑

| US Slaughter | |
|---------------------------------------------|----------------------|
| 430,000 | Monday |
| 426,000 | Monday (year ago) |
| W. Corn Belt | \$77.69 |
| National Price | \$81.40 |
| Daily Sig 3 | \$154.78 |
| Daily Sig 4 | \$157.04 |
| Thunder Creek | \$155.31 |
| 4-Month Fwd. | \$171.30 |
| B of C Ex. Rate (Noon) | |
| \$1.0869 CAD/\$0.9200 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 | 69.38/152.96 |
| Thunder Creek | 68.63/151.30 |
| ISO Weans | \$84.11 US Avg. |
| Feeder Pigs | \$92.89 US Avg. |
| #1 Export Sows (+500lbs) | \$58.00/cwt. tagged |

Forward contract prices opened mixed this morning. US cash markets traded higher to start this week, surprising some analysts given ideas that hogs are backed up in the country due to last week's weather related delays. Yesterday's slaughter of 430,000 hogs approached the US one-day capacity, but packers still bid the price higher, believing it was a short term scenario. Wholesale pork prices are came under some pressure, with the cuts destined for the curing process experiencing the largest declines. Futures traders are focused on the trend in carcass weights with some looking for indications of a more stable trend in weights. While most traders have factored in a reduction in hog numbers into their forecasts due to PED virus, many suggest that this bullish factor will be negated by the heavier hog weights. The Canadian Dollar lost about half a cent against its US counterpart today, with traders still questioning the economic outlook for Canada relative to the US's.

Canadian delivered soymeal prices opened higher this morning. Strong demand and a S. American forecast calling for drier weather is providing underlying support this morning. China continues to be a strong customer buying up 43.6 million out of 56.44 million bu. according to weekly export inspections. There is talk that increased Chinese buying is on the horizon amid concerns regarding infrastructure-related shipment delays from S. American ports. Cumulative US sales are at 100% of the USDA forecast now; cumulative shipments are 13.3% higher than the 5-year average.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower. Like soybeans, a drier forecast in S. America is providing some support and there is talk that up to 50% of the crop could be at risk of stress if areas in Argentina don't get the 'needed' moisture soon. As well, there is talk some funds are covering short positions. However, despite the bullish WASDE report which indicated a drop in overall production estimates, 13.925 billion bu. is still a record crop, keeping the upside in check.

| Fixed Forward Range | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct |
|----------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 163.57 164.57 | 166.51 170.02 | 168.91 175.43 | 185.14 196.19 | 192.67 197.70 | 189.74 197.25 | 178.29 188.88 | 162.78 170.25 | 158.26 164.79 |
| Maple Leaf Sig. #4 | | 161.16 162.37 | 164.16 167.46 | 164.34 170.96 | 180.16 191.05 | 187.55 192.61 | 185.20 192.40 | 178.58 184.17 | 159.97 173.52 | 159.19 162.11 |
| Soymeal Winnipeg Delivered | 568 | 568 | 568 | 569 | 569 | | | | | |
| Corn Wpg Delivered | 184 | 190 | | | | | | | | |

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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