



Hog Margin Outlook

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Tuesday, January 21, 2014

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

US Slaughter	
2.263 mil.	Last Week
2.206 mil.	Last Week (year ago)
W. Corn Belt	\$78.08
National Price	\$80.51
Daily Sig 3	\$156.89
Daily Sig 4	\$156.65
Thunder Creek	\$156.84
4-Month Fwd.	\$178.68
B of C Ex. Rate (Noon)	
\$1.0962 CAD/\$0.9122 USD	
Cash Prices Week Ending January 17, 2014	
Signature 3	70.67/155.79
Signature 4	71.13/156.81
h@ms Cash	70.45/155.31
Hylife	70.38/155.15
Thunder Creek	69.85/154.00
ISO Weans	\$86.33 US Avg.
Feeder Pigs	\$95.35 US Avg.
#1 Export Sows (+500lbs)	n/a

Forward contract prices opened mixed this morning. US cash markets started this week with steady bids from packers, as demand remains firm through what is typically a slower period of sales. Last week's slaughter of 2.268 million hogs was about 130,000 head larger than the previous week as producers got current with their marketings following the recent weather related delays. Trade participants are focused on the trend of the cash market for the coming two weeks, with some anticipating tighter supplies and a response of higher cash prices. In general, packers appear to be anticipating a tighter supply by the end of the month as they have substantially more hogs scheduled for delivery in the next two weeks than is typical at this time of year. Futures traders are also in the bullish camp as the February futures is hold a \$6.00/cwt premium to the cash index, implying that cash prices will improve an average of \$2.00/cwt over the next 3 weeks. Currently, there are good hedging opportunities for the spring and summer months as forward prices are holding a significant premium to the cash market. Producers can lock in a cash market rally of nearly \$15/ckg over the next two months, a trend that would exceed the normal seasonal trend.

Canadian delivered soymeal prices opened lower this morning. Deferred contracts are under some pressure this morning. Following a relatively dry weekend in Argentina, rain is again forecast for critical growing areas leading to more favourable yield estimates despite the fact that Argentine farmers are not currently selling amid the lowering peso. As well, there are rumors that market participants are positioning for imminent Chinese cancellations that typically are announced around the Chinese Lunar Year holiday (January 31 to Feb 6).

Canadian delivered corn prices opened even this morning. US corn futures are trading lower amid news that expected S. American supply estimates will more than offset the Chinese imports of corn and DDGs that have exceeded year-ago levels despite recent cargo rejections. As well, forecasts of ½ to 1 ½ inches of rain between now and the 24th in Argentina is adding to the bearish tone and, like soybeans, is considered to have a supportive effect on yield and production estimates in S. America.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		166.77	171.60 175.13	174.06 180.62	188.60 199.72	196.18 201.23	192.77 200.35	180.24 190.85	163.56 172.15	160.41 167.00
Maple Leaf Sig. #4		164.51	169.10 172.42	169.33 175.99	183.52 194.47	190.95 196.04	188.14 195.39	180.51 186.09	162.11 175.42	161.32 164.26
Soymeal Winnipeg Delivered	567	567	567	569	569					
Corn Wpg Delivered	184	190								

This information is intended to aid producers in making pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

Location	h@ms District Meeting Schedule	Time
Days Inn, Swift Current, SK	Wednesday, March 5, 2014	10:00AM with lunch to follow
Sandman Hotel, Saskatoon, SK	Wednesday, March 5, 2014	4:00PM with dinner to follow
Headingley Community Hall, Hdly, MB	Wednesday, March 12, 2014	2:00PM with dinner to follow
Smitty's, Steinbach, MB	Friday, March 14, 2014	12:00PM with lunch served
Starbuck Community Hall, Stbck, MB	Thursday March 20, 2014	2:00PM with dinner to follow