



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, January 23, 2014

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

US Slaughter	
414,000	Wednesday
424,000	Wednesday (year ago)
W. Corn Belt	\$79.37
National Price	\$80.59
Daily Sig 3	\$161.04
Daily Sig 4	\$158.34
Thunder Creek	\$161.22
4-Month Fwd.	\$180.68
B of C Ex. Rate (Noon) \$1.1069 CAD/\$0.9034 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 higher this morning. US cash markets were higher mid-week, benefitting from good packer demand resulting from profitable packer operating margins. Packers are attempting to build inventory while they can as pork is well positioned to gain market share against both beef and chicken over the next couple of months. Competing meats have been in relatively tight supply, and with the US economy experiencing more robust growth, pork could stand to gain more value. The latest Cold Storage report showed supplies of pork are up only 1% from year ago levels in spite of carcass weights being up more than 2%. But traders were more encouraged by the beef number, showing supplies were down 12% with little chance of recovering to year ago levels any time soon. Beef markets have been pushing to new record highs for the last few weeks, an uncharacteristically bullish trend for this time of year. Spring and Summer month forward prices reflect good value, but further gains are possible given the weak Canadian Dollar, now trading under US\$0.90, and a number of bullish factors influencing pork prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Talk is increasing that Chinese cancellations are imminent and there are additional thoughts of increased imports on the eastern seaboard of meal and beans, which would normally be adding pressure. However, a strong domestic meal demand is driving meal imports; a function of tight supplies amid good margins for livestock producers and a cold snap that is keeping more animals in barns longer.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. As with soybeans and meal, there is talk that the recent cold snap and good producer margins is driving feed usage. As well, Argentine production estimates have dropped by as much as 3MMT from 25MMT to 22MMT on thoughts of damage to the corn crop as a result of the heat spell during pollination. Technical short covering is now expected amid a 'massive' speculative net short position.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		166.95	173.79 177.35	176.14 182.78	190.69 201.93	198.35 203.46	195.21 202.88	181.84 193.81	166.29 173.65	161.67 168.34
Maple Leaf Sig. #4		164.73	171.25 174.61	171.36 178.09	185.55 196.63	193.06 198.21	190.52 197.85	182.13 188.97	163.41 176.98	162.62 165.59
Soymeal Winnipeg Delivered	583	583	583	584	584					
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