



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Monday, January 27, 2014

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

US Slaughter	
2.222 mil.	Last Week
2.133 mil.	Last Week (year ago)
W. Corn Belt	\$78.81
National Price	\$81.36
Daily Sig 3	\$159.81
Daily Sig 4	\$159.74
Thunder Creek	\$160.64
4-Month Fwd.	\$182.38
B of C Ex. Rate (Noon)	
\$1.1062 CAD/\$0.9040 USD	
Cash Prices Week Ending January 24, 2014	
Signature 3	72.13/159.02
Signature 4	71.56/157.77
h@ms Cash	70.88/156.27
Hylife	71.11/156.77
Thunder Creek	70.81/156.10
ISO Weans	\$85.16 US Avg.
Feeder Pigs	\$98.58 US Avg.
#1 Export Sows (+500lbs)	n/a

Forward contract prices opened lower this morning. US cash markets are expected to open steady to higher, but significant uncertainty remains given the divergence of hog numbers and weights from the typical trend at this time of year. While hog numbers in 2014 are down from year ago levels, the hog slaughter in recent weeks has exceeded year ago levels. In addition, hog weights are over 3% larger than levels seen last year across most reporting regions, making it difficult to determine whether packers are 'short' of live supplies. Lean Hog futures are still priced at a significant premium to the cash market, with traders banking on a \$2.00/cwt gain per week for the next 3 weeks when the February contract expires. Among the largest factors influencing hog markets is the rally in beef prices to record levels. Retailers will be looking for products to feature in sales promotions that will not leave them with a significant deficit in their sales margin as beef will at current prices. Spring and summer month forward contract prices represent good value from a historical perspective, but there appears to be still more upside potential.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher to start the week following bullish export news that was above expectations, less than expected rainfall in areas of Brazil, and Argentine currency issues which has resulted in farmers withholding beans as a hedge against inflation as the peso drops. Nearby support continues to be a function of strong meal demand and cumulative export sales strength that now registers at 103.6% for the current marketing year.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. However, the trade is expected to be choppy throughout the week. Favourable weather in S. American growing regions and expectations of a large US crop is adding pressure. But, new export sales and a stronger US cash market are limiting the short-term downside. In any event, most expectations are hovering around the \$4/bu. mark amid expectations of large crops barring any unforeseen extreme weather event.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		167.42	176.55 180.11	178.96 185.57	191.36 202.54	198.99 204.07	195.76 203.07	181.68 193.83	166.43 173.55	161.84 168.47
Maple Leaf Sig. #4		165.17	173.92 177.26	174.09 180.78	186.19 197.22	193.68 198.80	191.05 198.34	181.94 188.98	163.54 176.82	162.75 165.71
Soymeal Winnipeg Delivered	586	586	586	587	587					
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