



# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, January 30, 2014

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

US Slaughter	
378,000	Wednesday
418,000	Wednesday (year ago)
W. Corn Belt	\$80.03
National Price	\$82.33
Daily Sig 3	\$163.54
Daily Sig 4	\$162.91
Thunder Creek	\$163.66
4-Month Fwd.	\$186.44
<b>B of C Ex. Rate (Noon)</b>	
\$1.1148 CAD/\$0.8970 USD	
<b>Cash Prices Week Ending January 24, 2014</b>	
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)	\$49.50

**Forward contract prices opened higher this morning.** US cash markets are called steady to higher this morning despite ideas that producer marketings will increase as the cold winter weather subsides in northern portions of the US Midwest. Packers are finding it difficult to line up the same number of hogs for slaughter as they have in recent weeks. So far this week, the slaughter is down about 35,000 hogs, with packers yet unwilling to bid up the cash market significantly to entice producers to market more hogs. The futures market continues to factor in tighter supplies with the February contract holding a \$5.00/cwt premium over the current cash market index with only two weeks left until expiry. The summer month contracts are also maintaining a larger than average premium over the cash market, with fundamental factors of record high beef prices and PED virus reduced hog supplies providing the support. The highest priced weeks of the summer months will yield hog value near \$210 per animal, a record high.

**Canadian delivered soymeal prices opened lower this morning.** Some traders have started to sell amid talk that Brazil beans are currently being loaded and headed for China followed by rumors that 200-300,000 MT of the US product have been cancelled. Countering earlier trends, Argentina is now forecast for cooler and wetter weather while Brazil is called warmer and drier which is favourable for Argentine crop development and the ongoing harvest in Brazil.

**Canadian delivered corn prices higher even this morning.** US corn futures are trading higher. There is talk that the support is a function of decent US competitiveness and demand in export markets as well as some farmer reluctance to sell amid lower prices. Nonetheless, the fundamentals favour the bears as S. American weather remains cooperative, ethanol usage is down on the week, and an expectation of a massive US crop is estimated despite a lower estimated planted acreage.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			177.49 181.08	179.92 186.60	195.08 206.37	202.78 207.91	199.76 207.45	183.99 198.46	167.05 175.78	164.25 170.95
Maple Leaf Sig. #4			174.85 178.23	175.03 181.79	189.80 200.94	197.36 202.53	194.93 202.28	184.23 193.48	165.95 179.06	165.15 168.14
Soymeal Winnipeg Delivered	578	578	578	579	579					
Corn Wpg Delivered	185	191								

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 - lunch to follow
Sandman Hotel, Saskatoon, SK	Wednesday, March 5, 2014	4:00PM - dinner to follow
Headingley Community Hall, Hdly, MB	Wednesday, March 12, 2014	2:00PM - dinner to follow
Smitty's, Steinbach, MB	Friday, March 14, 2014	12:00PM - lunch served
Starbuck Community Hall, Stbck, MB	Thursday March 20, 2014	2:00PM - dinner to follow