



# Hog Margin Outlook

Meeting Your Marketing Needs

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

Monday, February 10, 2014

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

US Slaughter	
2.171 mil.	Last Week
2.141 mil.	Last Week (year ago)
W. Corn Belt	\$81.72
National Price	\$84.44
Daily Sig 3	\$165.04
Daily Sig 4	\$165.13
Thunder Creek	\$164.81
4-Month Fwd.	\$192.06
<b>B of C Ex. Rate (Noon)</b> \$1.1018 CAD/\$0.9076 USD	
<b>Cash Prices Week Ending February 7, 2014</b>	
Signature 3	75.72/166.93
Signature 4	74.23/163.65
h@ms Cash	73.55/162.15
Hylife	73.96/163.05
Thunder Creek	74.48/164.20
ISO Weans	\$84.73 US Avg.
Feeder Pigs	\$103.07 US Avg.
#1 Export Sows (+500lbs)	\$56.50

**Forward contract prices opened higher this morning.** US cash markets are called steady to higher this morning continuing the higher trend that was established a month ago. The higher prices last week were not a function of tighter supplies as slaughter was estimated at 2.17 million, about 1.5% larger than year ago levels. On the other hand year to date slaughter of 12.051 million is 3.8% below year ago levels. Packer profitability has driven cash bids with current estimates suggesting gross margins around \$20/hog. Longer term, the futures market is pricing in a continued higher trend with the April contract holding a 12% premium over the current cash index and the June contract priced an additional 12% higher than the April. While it is normal to see a rally in hog prices over the spring timeframe, the current premium is almost double what is typical for this time of year, representing the perceived impact of PED virus reduced hog supplies. The Canadian Dollar continues to be valued near 90 cents compared to the US Dollar, nearly unchanged from levels experienced three weeks ago. Forward prices represent good value when compared to the cash market or historical trends, but further gains are not out of the question given the uncertainty created by the PED virus outbreak.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher ahead of today's WASDE report (released noon, Eastern). Pre-report ending stock estimates range between 125 -164 million bu. (current: 150 mil. bu.); the bias is toward a lower revision. Decent weather in S. America and expectations of record plantings in the US are seen as bearish influences further out, but the recent lack of Chinese cancellations, no Argentine farmer selling and strong demand for US beans is squeezing old-crop supply and adding support.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading mixed. Pre-WASDE ending stock estimates range between 1.574 and 1.748 billion bu. (current: 1.631 bil. bu.); the average estimate is a slightly bullish 1.619 billion bu. (keeping in mind 1.619 billion bu. is still a relatively large estimate compared to last year and that the US is expected to build on that number for 2014/15). Support in the interim comes from 'unexpected' export demand while sustained Chinese rejections add pressure.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		177.53 180.07	180.08 186.69	194.41 208.65	205.09 210.17	203.49 211.11	189.47 202.88	172.70 181.34	168.68 176.32	150.57 158.73
Maple Leaf Sig. #4		175.06 178.20	175.17 181.86	189.15 203.13	199.59 204.71	198.43 205.81	189.47 197.74	170.19 184.16	169.16 172.91	154.99 162.10
Soymeal Winnipeg Delivered	602	602	594	594	588	588				
Corn Wpg Delivered	189	195								

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