



# Hog Margin Outlook

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Tuesday, February 11, 2014

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

US Slaughter	
400,000	Monday
416,000	Monday (year ago)
W. Corn Belt	\$83.16
National Price	\$84.51
Daily Sig 3	\$168.41
Daily Sig 4	\$165.72
Thunder Creek	\$168.45
4-Month Fwd.	\$191.72
<b>B of C Ex. Rate (Noon)</b> \$1.1048 CAD/\$0.9051 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)	\$56.00

**Forward contract prices opened mixed this morning.** US cash markets are expected to trade steady today, as packers appear to have a handle on their slaughter requirements for the remainder of the week. Yesterday's slaughter was estimated at 400,000 hogs, down 30,000 from last Monday, but packers have more scheduled deliveries for the remainder of the week. While we have seen significant variability in the daily slaughter levels over the last month, year to date pork production is within 1% of year ago levels. While producers have strong incentive to delay marketings (due to profitable margins on the extra weight), packers are focused on maximizing their production in order to realize greater efficiencies. Lean Hog futures are trading lower this morning, pressured by the large premium that they have maintained over the current cash market. Given that the heavier hog weights have largely offset the reduction in numbers, traders are growing cautious have building in a premium that has been running nearly double the 5 year average.

**Canadian delivered soymeal prices opened lower this morning.** US soybeans are trading lower following yesterday's WASDE report. The surprise in the report was that the USDA did not revise lower its 150MMT ending stock estimate, expected by some given recent demand for US beans. Adding pressure is a record new crop in Brazil and a statement downplaying the recent heat in the region, highlighting the country as the top producer. There is also talk that Argentine farmers will be soon forced to sell to make room for this year's harvest.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower despite a larger than expected downgrade to the US corn crop at 1.48 billion bu.; the estimate was for a downgrade to 1.619 billion bu. This has resulted in a stocks-to-use- ratio of 11.1% (anything below 12% is considered to have a bullish implication on prices). However, it is estimated US farmers still have a lot of corn to sell, keeping the upside in check.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		177.74 180.27	180.12 186.72	193.62 207.84	204.28 209.36	203.83 211.47	191.01 202.88	174.21 182.86	169.93 177.58	151.64 159.80
Maple Leaf Sig. #4		175.26 178.39	175.21 181.90	188.38 202.34	198.80 203.92	198.76 206.16	190.98 197.74	171.66 185.65	170.38 174.13	156.02 163.13
Soymeal Winnipeg Delivered	589	589	585	585	578	579				
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