



# Hog Margin Outlook

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Tuesday, February 18, 2014

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

US Slaughter	
423,000	Monday
383,000	Monday (year ago)
W. Corn Belt	\$88.20
National Price	\$85.88
Daily Sig 3	\$177.53
Daily Sig 4	\$167.40
Thunder Creek	\$178.00
4-Month Fwd.	\$196.49
<b>B of C Ex. Rate (Noon)</b> \$1.0981 CAD/\$0.9106 USD	
<b>Cash Prices Week Ending February 14, 2014</b>	
Signature 3	76.34/168.31
Signature 4	75.37/166.17
h@ms Cash	74.69/164.67
Hylife	74.92/165.16
Thunder Creek	75.80/167.10
ISO Weans	\$83.10 US Avg.
Feeder Pigs	\$104.95 US Avg.
#1 Export Sows (+500lbs)	\$56.00

**Forward contract prices opened higher this morning.** US cash markets started the week with near steady bids, maintaining the gains experienced last week. Some US cash market regions experienced a \$5.00/cwt rally, as packers found supplies tight and attempted to bolster their pork inventory through larger daily slaughters late last week. Pork product values remain favourable to packers, with current operating margins yielding positive returns. Pork has benefitted from the short supply of beef resulting in record high prices as retailers look for alternatives for their weekly sales features. Lean Hog futures continue to factor in a large premium in the spring and summer month contracts, equivalent to nearly 4 times the premium typically seen at this time of year. The trade believes the market will be short of live hog supplies due to PED virus losses resulting in significant support in the cash market. The Canadian Dollar is up close to 2 cents against the US Dollar compared to 3 weeks ago, but analysts continue to believe that the Canadian economy will lag behind its US counterpart, suggesting further gains will be difficult.

**Canadian delivered soymeal prices opened higher this morning.** US soybeans are trading higher. Support is sustained on news of negative weather in S. America and on Chinese cancellations that are well below market expectations; between 2 and 3MMT were expected to be cancelled in total and analysts estimate this could now be closer to 1MMT or less. As well, the currency issue in Argentina is incentivizing farmers to hold onto beans as a currency hedge, now estimated as high as approximately 11MMT.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading higher, on the strength of wheat and amid news that weather could impact yields in Brazil. While the country did see some rain in major growing areas like Mato Grosso, the rain fell in regions that while welcomed, were not in as dire need as in other growing areas. It has been pegged as one of the driest rainy seasons in decades; precipitation levels have been 60% below normal over the last 3 months.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3			183.83 190.39	195.93 210.05	206.52 211.56	205.41 211.97	192.48 204.03	176.83 184.40	171.56 179.14	154.06 162.15
Maple Leaf Sig. #4			178.21 185.63	190.22 204.48	200.96 206.04	199.98 206.63	191.38 198.56	172.41 186.29	170.93 174.85	157.71 164.76
Soymeal Winnipeg Delivered	597	597	591	591	585	586				
Corn Wpg Delivered	183	185								

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