



Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, February 20, 2014

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

Forward contract prices opened mixed this morning. US cash markets are called steady to lower on thoughts packers have sourced enough supplies to fill out slaughter schedules for the remainder of the week. Prices showed support yesterday with \$2.00+ USD gains across WCB, ISM and National reporting regions. With the February futures contract now settled, April becomes the 'front' month, trading at a \$6 to \$8 USD premium to regional markets. Lean hog futures are trading lower this morning following yesterday's rally that saw gains in almost all offered months. The general consensus is that daily slaughter numbers should come down in order to 'rationalize' the supply fundamentals that are currently worked into the market. However, there is talk that the USDA's current expected pork production numbers are slightly inflated observing that new cases of the disease are reported in the US every week and that increased weights are unlikely to offset total PEDv-related death loss. As well, news that Russia will start accepting US pork is seen as a bullish market influence. As such, futures markets appear to be bracing for tight supplies.

Canadian delivered soymeal prices opened lower this morning. The soybean complex continues to be buoyed by export demand that exceeds analysts' expectations. Over the last three months, meal has appreciated by more than 20% of its value, anticipating a tighter supply of beans for the domestic crush, as well as solid demand from the domestic hog and poultry sectors due to good profitability. Longer term, 'new crop' soybean meal is trading at a huge discount to 'old crop' prices, reflecting ideas that Soybeans could command more acres in this summer's growing season, possibly exceeding 80 million acres.

Canadian delivered corn prices opened even this morning. US corn futures are trading slightly lower this morning, with the market focused on acreage projections that will come out of the USDA Outlook Forum later this week. The initial projection for Corn acreage is expected to be near 92 million acres, down from last year's planted crop of 95 million. If the USDA's projection is significantly greater than this, ending stocks estimates would increase substantially, pressuring the deferred month contracts.

US Slaughter	
430,000	Wednesday
421,000	Wednesday (year ago)
W. Corn Belt	\$90.18
National Price	\$88.48
Daily Sig 3	\$182.57
Daily Sig 4	\$173.47
Thunder Creek	\$182.65
4-Month Fwd.	\$198.85

B of C Ex. Rate (Noon)
 \$1.1045 CAD/\$0.9053 USD

Cash Prices Week Ending February 14, 2014	
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)	\$59.00

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			185.02 191.64	198.42 212.67	209.11 214.20	208.68 215.31	196.37 208.07	180.56 188.21	175.16 182.82	157.79 165.96	165.45 165.96
Maple Leaf Sig. #4			179.37 186.86	192.63 207.03	203.48 208.61	203.16 209.16	195.20 202.47	176.03 190.06	174.46 178.42	158.04 168.53	162.79 166.35
Soymeal Wpg Delivered	598	598	593	593	586	588					
Corn Wpg Del.	194	196									

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