



# Hog Margin Outlook

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Tuesday, February 25, 2014

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

US Slaughter	
427,000	Monday
406,000	Monday (year ago)
W. Corn Belt	\$93.53
National Price	\$91.62
Daily Sig 3	\$189.58
Daily Sig 4	\$179.83
Thunder Creek	\$190.51
4-Month Fwd.	\$202.81
<b>B of C Ex. Rate (Noon)</b> \$1.1058 CAD/\$0.9043 USD	
<b>Cash Prices Week Ending February 21, 2014</b>	
Signature 3	81.92/180.61
Signature 4	77.76/171.43
h@ms Cash	77.08/169.93
Hylife	78.81/171.54
Thunder Creek	77.52/170.90
ISO Weans	\$82.31 US Avg.
Feeder Pigs	\$108.26 US Avg.
#1 Export Sows (+500lbs)	\$63.25

**Forward contract prices opened higher this morning.** US cash markets started the week slightly higher across all reporting regions, but a 6% discrepancy between the Eastern and the Iowa/Southern Minnesota regions remains. In general, packers continue to bid aggressively for live supplies, while maintaining profitable operating margins. The pork cut-out is trading just shy of \$100/cwt, the highest level seen since September 2013. Lean Hog futures continue to hold their sharp premium over the current cash market, reflecting the perceived impact of PED on spring and summer live hog supplies. The cash market would need to continue its higher trend and gain \$1.00/cwt week for the next 6 weeks in order to meet the market's expectations of the cash price in April. A rally of that nature would be 2.5 times larger than the five year average for this time of year. From a technical standpoint, the nearby futures are showing signs of being 'overbought', which could result in a significant decline should the cash market experience some weakness.

**Canadian delivered soybean prices opened lower this morning.** US soybean futures are trading lower on continued strong domestic and export demand, no Chinese cancellations in sight (or even rumored) and the Argentine reluctance to sell still firmly entrenched amid a low peso. Fundamentally there are more bullish than bearish factors as there are now weather-related harvest delay concerns in Brazil and an increase in demand for meal from European customers. Brazil's harvest is estimated at 31% complete.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading lower. The turn lower has been attributed to information learned at last week's USDA Outlook conference that has projected over 2.1 billion bu. for next season's carryout. There is talk that 2.1 billion is understating the potential. As well, movements that flow from the Ukraine are seen as a bearish influence in the near term (despite the unrest) as regional customers have confidence of sourcing supplies from the country.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			191.40 198.03	201.13 215.39	211.83 216.92	213.49 220.20	200.55 213.76	184.55 192.29	177.28 184.95	159.01 167.19	166.68 167.19
Maple Leaf Sig. #4			185.55 193.05	195.26 209.67	206.11 211.25	207.84 214.63	199.30 208.00	179.91 194.10	176.52 180.48	159.23 169.73	163.98 167.55
Soymeal Wpg Delivered	605	605	595	595	595	596	596	596			
Corn Wpg Del.		175	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