



Hog Margin Outlook

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Wednesday, February 26, 2014

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

US Slaughter	
427,000	Tuesday
418,000	Tuesday (year ago)
W. Corn Belt	\$94.05
National Price	\$92.41
Daily Sig 3	\$191.08
Daily Sig 4	\$181.80
Thunder Creek	\$192.01
4-Month Fwd.	\$204.28
B of C Ex. Rate (Noon)	
\$1.1084 CAD/\$0.9022 USD	
Cash Prices Week Ending February 21, 2014	
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 mixed this morning. US packers are on track for a large weekly slaughter, with the first two days of the week totaling 427,000 hogs, about 2% larger than year ago levels. Packers continue to bid aggressively for the live supplies as their operating margins are supported by strength in the pork cut-out, hitting more than \$100/cwt in trade yesterday. Packers have a significant portion of the next week's slaughter already lined up, which could lead to short term cash softness. Nearby Lean Hog futures continue to factor in ideas of tight supplies, as the April and June contracts are running at premiums significantly larger than historical levels for this time of year. There is still a great deal of uncertainty as to the degree by which PED has reduced the size of the hog herd, but most analysts speculate it's in the range of 2-4% for the spring to early summer timeframe. The Canadian dollar remains relatively stable near the US\$0.90 level, near the middle of its 1 month trading range.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher after opening lower on thoughts of an overbought condition. They have since turned higher on talk of extremely tight carryout numbers; new export sales and rumors that if there are no cancellations, the USDA 'should' be forced to revise ending stocks lower by as much as 90 million bu.(!). Analysts note, however, that cancellations are all but certain and there are rumors the USDA is reluctant to revise carryout below 150 million bu., considered to be the minimum pipeline.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Although the US new crop carryout is now estimated at over 2 billion bu., analysts are quick to point out that there are many assumptions built into the projections that can't or won't be confirmed until the Grain Stocks and Planting reports at the end of March. Even then, the weather remains a wild card. In the meantime, support is also a function of concerns of the effects of recent wet weather on Brazil's second crop.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			164.16 200.79	203.13 217.41	213.84 218.94	212.68 219.32	199.46 213.05	183.62 191.28	178.53 186.22	160.91 168.08	167.57 168.08
Maple Leaf Sig. #4			188.22 195.72	197.20 211.62	208.07 213.20	207.04 213.77	198.19 207.30	179.00 193.05	177.75 191.72	160.08 170.60	164.85 168.42
Soymeal Wpg Delivered	608	608	600	600	600	602	602	602			
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