



Hog Margin Outlook

Meeting Your Marketing Needs

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<http://hamsmarketing.ca>

Tuesday, March 04, 2014

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

Forward contract prices opened mixed this morning. US cash markets started the week with higher bids, but gains were more moderate than last week's trend. Packers are reluctant to cut hours from their slaughter schedule, as they are attempting to build inventory in preparation for the anticipated tighter supplies ahead. Providing further rationale for strong cash prices is the pork cut-out which continues to trend higher, trading at levels not seen since last summer. Most of the primal cuts are trading about 20% higher than values seen one year ago, with the exception of pork bellies, due to abundant inventory in Cold Storage. The April futures continue to trade at a steep premium to the cash market suggesting that traders believe the cash will continue to rally over the next month. In fact, with April trading nearly \$10/cwt higher than the Lean Hog Index, it is 3 times larger than the average premium experienced over the last 3 years. The Canadian Dollar is near steady this morning, resulting in forward contract prices holding near all-time highs.

Canadian delivered soymeal prices opened lower this morning. US soybean futures continue to show strength, in part a function of the recent strength in wheat and corn as developments on the Ukraine's Crimean peninsula unfold. As well, there are not even rumors of Chinese cancellations or that Argentine farmers will resume normal selling activity further adding support. However, last week's export numbers were slightly below market expectations, keeping the upside somewhat in check.

Canadian delivered corn prices opened even this morning. Some analysts are now starting to wonder if the US corn market is 'decisively' bearish. Despite new crop ending stocks projected at 2+ billion bu., recent developments in the Ukraine have added a complex level of uncertainty. The Ukraine currently is the world's 3rd largest corn exporter and with strategic assets on the Crimean peninsula, 'normal' logistical activities are becoming less likely as the situation develops, pushing customers to the US.

| US Slaughter | |
|--|----------------------|
| 413,000 | Monday |
| 430,000 | Monday (year ago) |
| W. Corn Belt | \$101.78 |
| National Price | \$96.77 |
| Daily Sig 3 | \$206.94 |
| Daily Sig 4 | \$190.53 |
| Thunder Creek | \$207.18 |
| 4-Month Fwd. | \$215.30 |
| B of C Ex. Rate (Noon) \$1.1092 CAD/\$0.9015 USD | |
| Cash Prices Week Ending February 28, 2014 | |
| Signature 3 | 87.89/193.77 |
| Signature 4 | 82.58/182.05 |
| h@ms Cash | 81.90/180.55 |
| Hylife | 82.81/182.57 |
| Thunder Creek | 83.33/183.70 |
| ISO Weans | \$85.79 US Avg. |
| Feeder Pigs | \$110.24 US Avg. |
| #1 Export Sows (+500lbs) | \$63.25 |

| Fixed Forward Range | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 215.08 217.62 | 212.69 226.93 | 223.37 228.46 | 219.10 226.23 | 200.64 221.99 | 183.82 192.49 | 179.61 187.28 | 155.30 163.47 | 162.96 163.47 |
| Maple Leaf Sig. #4 | | 207.29 211.43 | 206.45 220.84 | 217.29 222.42 | 212.76 220.46 | 199.33 215.86 | 179.88 194.20 | 178.58 182.54 | 155.23 165.92 | 159.98 163.54 |
| Soymeal Winnipeg Delivered | 601 | 598 | 598 | 598 | 599 | 599 | 599 | | | |
| Corn Winnipeg Delivered | 186 | 188 | | | | | | | | |

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 |