



# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, March 05, 2014

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

US Slaughter	
409,000	Tuesday
426,000	Tuesday (year ago)
W. Corn Belt	\$102.83
National Price	\$99.03
Daily Sig 3	\$209.48
Daily Sig 4	\$195.36
Thunder Creek	\$209.93
4-Month Fwd.	\$217.11
<b>B of C Ex. Rate (Noon)</b>	
\$1.1114 CAD/\$0.8997 USD	
<b>Cash Prices Week Ending February 28, 2014</b>	
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

**Forward contract prices opened higher this morning.** US cash markets continue to move higher, reflecting a tighter hog supply. After only two days of slaughter this week, this week's slaughter is down about 50,000 hogs compared to last year, reflecting what could be the first measurable evidence of death loss from PED. With some regions reporting live hog bids close to \$4.00/cwt higher or more than \$5.00/cwt on a carcass weight equivalent, some packers are attempting to finish the week without cutting hours to their slaughter schedule. The pork cut-out is providing the rationale for the near-term, gaining about \$1.25/cwt yesterday and valued at the highest level since June 2013. As long as there is still some margin in the kill plants, packers will chase the available supplies by paying more for the animals. Lean Hog futures are trying to stay ahead of the gains in the cash market, with all contracts out to August locked limit up at yesterday's close. When trading resumed in the overnight session, summer month contracts gained an additional \$2.00/cwt, with this week's total at nearly \$6.00/cwt and into territory never experienced before.

**Canadian delivered soymeal prices opened lower this morning.** Sustained strength in the soybean complex is expected to continue, buoyed by news of cuts to S. American production by private forecasters. Argentina is expected to produce ~5MMT less; Brazil has been downgraded by 900,000MT. As well, (still) no word of Chinese cancellations is also supportive.

**Canadian delivered corn prices opened even this morning.** Technical positioning has supported US corn futures despite an announcement by the Russian President stating the use of armed forces in Crimea "just dissipated" recently. Ukraine is the world's 3rd largest exporter of corn. An expected adjustment to the EPA ethanol mandate is still just rumored, adding some uncertainty.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		214.80 215.81	218.35 229.52	228.00 234.09	222.57 230.20	202.68 225.22	185.91 194.55	182.76 189.38	157.44 165.59	163.04 165.59
Maple Leaf Sig. #4		205.84 207.02	210.95 223.54	219.41 225.31	214.84 222.52	201.29 218.19	181.61 195.97	181.02 184.18	157.30 167.95	162.03 165.68
Soymeal Winnipeg Delivered	587	587	587	587	590	590	590			
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