



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, March 07, 2014

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

Forward contract prices opened higher this morning. US cash markets are called higher to close out the week. Friday's ISM and WCB reporting regions averaged base price increases of \$3.02/cwt., while the National base reported an increase of \$1.54/cwt., following a period of sustained gains not typically seen at this time of year. Lean hog futures continue to show strength even though there has been little quantitative evidence showing the depth and scope of the PEDv losses. Nevertheless, futures market participants appear to be responding to initial fears as well as a widely held expectation by many within the industry that a significant, and now, perhaps a growing hole in future hog supply is all but certain. While some make a technical case that lean hogs are entering overbought territory, especially in some of the contracts that experienced 'limit up' this past week, there is a strong contingent who infer that perhaps the futures market has supply estimates 'right' amid the uncertainty. Some pressure to the Canadian dollar this morning follows a jobs report that fell significantly below expectations, thereby adding some further value in Canadian forward contract prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Despite this week's confirmed Chinese cancellation, better than expected export activity and some activity from the funds have supported the complex; soybean exports now stand at 107.5% of the USDA's 2013/14 estimate. The USDA's Grain Stocks report will be released Monday with the trade expecting a 9MMT downgrade to ending stocks from 150 million to 141million bu.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. Some dryness in S. American growing regions and the ongoing political unrest in the Ukraine have buyers seeking out US supplies, sustaining support. Exports are expected to be raised in Monday's Grain Stocks report, but the trade's average ending stocks estimate remains largely unchanged at 1.488 billion, compared to last month's 1.481 billion bu., on some thoughts of decreased feed usage.

US Slaughter	
418,000	Thursday
427,000	Thursday (year ago)
W. Corn Belt	\$105.76
National Price	\$101.52
Daily Sig 3	\$212.58
Daily Sig 4	\$197.61
Thunder Creek	\$213.05
4-Month Fwd.	\$ 223.07
B of C Ex. Rate (Noon)	
\$1.0966 CAD/ \$0.9119 USD	
Cash Prices Week Ending March 7, 2014	
Signature 3	94.46/208.25
Signature 4	87.76/193.47
h@ms Cash	87.08/191.97
Hylife	n/a
Thunder Creek	89.49/197.30
ISO Weans	\$85.79 US Avg.
Feeder Pigs	\$110.24 US Avg.
#1 Export Sows (+500lbs)	\$67.50

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		218.09	224.83	234.49	230.62	207.23	191.44	187.21	159.82	165.43
		219.10	236.01	240.59	238.26	229.39	199.08	193.84	167.98	167.98
Maple Leaf Sig. #4		209.02	217.23	225.69	222.63	205.70	185.98	185.34	159.60	164.35
		210.20	229.83	231.60	230.32	222.24	200.38	188.50	170.28	168.01
Soymeal Winnipeg Delivered	594	604	604	604	606	606	606			
Corn Winnipeg Delivered	192	195								

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h@ms District Meeting Schedule

Location	Date	Time
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