



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, March 17, 2014

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

US Slaughter	
2.024 mil.	Last Week
2.194 mil.	Last Week (year ago)
W. Corn Belt	\$116.77
National Price	\$110.06
Daily Sig 3	\$237.31
Daily Sig 4	\$216.60
Thunder Creek	\$237.40
4-Month Fwd.	\$238.84
B of C Ex. Rate (Noon) \$1.1087CAD/ \$0.9019 USD	
Cash Prices Week Ending March 14, 2014	
Signature 3	101.73/224.27
Signature 4	94.24/207.76
h@ms Cash	93.56/206.26
Hylife	n/a
Thunder Creek	95.89/211.40
ISO Weans	\$88.87 US Avg.
Feeder Pigs	\$114.03 US Avg.
#1 Export Sows (+500lbs)	\$71.50

Forward contract prices opened mixed this morning. US cash markets are expected to trade higher this morning, maintaining the firmly established trend of the last two weeks. With last week's slaughter estimated to be down 7.5% from year ago levels, traders are reflecting increased certainty in the 'hole' that PED has created in the market hog supply. Last week's hog slaughter came in short of even the most pessimistic expectations, which will trigger some packers to reduce their slaughter schedule accordingly. Smithfield Foods reportedly shut down some of their kill operations on Friday, as was rumored for the last few weeks. With total pork production being reduced by an estimated 5.4%, the reality of the tightness in hog supply is exceeding expectations. Lean Hog futures are trading sharply higher this morning, but the primary question being considered this week is 'How high will prices go before the available supply is rationed?' At some point, high prices will have consumers choose another meat protein or simply go without, but nobody really knows where that price point will be.

Canadian delivered soymeal prices opened higher this morning. Rumors of increasing Chinese cancellations with S. America are weighing on the soybean trade this morning although the meal trade is showing some resilience. There is talk that some of the bean cancellations are entering the US by way of diverted imports thereby adding pressure as 1) imports help add to US supply, and 2) the Chinese economic health becomes questioned. Nonetheless, US supplies remains very tight, limiting the downside.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. The market's reaction to the referenda vote in Crimea has so far been muted but no real threat to corn supply has thus far been observed in any event; shipments have been making it out of the region. There is talk that the market will be largely focussed for now on the supply-side for hints of direction (Crimea port issues, US planting intentions, weather etc.) more so than on demand.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		234.73	243.05	252.69	244.14	210.61	193.82	190.32	162.56	168.16
		234.73	254.22	258.78	251.78	242.98	202.47	196.94	170.70	170.70
Maple Leaf Sig. #4		224.56	233.89	242.54	234.94	208.58	188.87	187.94	161.85	166.59
		224.95	246.47	248.63	242.63	235.00	203.26	191.10	172.50	170.83
Soymeal Winnipeg Delivered	578	588	588	588	589	589	589			
Corn Winnipeg Delivered	183	186								

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h@ms District Meeting Schedule

Location	Date	Time
Starbuck Community Hall, Stbck, MB	Thursday March 20, 2014	2:00PM - dinner to follow