



Hog Margin Outlook

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Wednesday, March 19, 2014

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

US Slaughter	
420,000	Tuesday
427,000	Tuesday (year ago)
W. Corn Belt	\$120.73
National Price	\$113.82
Daily Sig 3	\$245.33
Daily Sig 4	\$223.96
Thunder Creek	\$245.59
4-Month Fwd.	\$246.04
B of C Ex. Rate (Noon) \$1.1086CAD/ \$0.9020 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	94.74/208.86
Thunder Creek	95.89/211.40
ISO Weans	\$86.65 US Avg.
Feeder Pigs	\$114.39 US Avg.
#1 Export Sows (+500lbs)	\$79.25

Forward contract prices opened higher this morning. US cash markets continued their unprecedented bullish run, gaining an additional US\$2.00/cwt in most reporting regions yesterday. Cash prices are now trading at never-before-seen levels, but are well supported by wholesale pork prices. Packers still have strong incentive to chase available supplies as estimated operating margins on fresh pork exceed \$20/hog, with the value of inventories on hand appreciating at a rate of \$2.00/cwt per day. Nearby Lean Hog futures are keeping pace with the gains in the cash market, and are likely to continue seeing high volatility. Next week, the USDA will be releasing its latest Hogs and Pigs report, which is much anticipated by the trade. Regardless of its results, trade will be active in advance of the report as traders attempt to manage the volatility. The Canadian dollar weakened to its lowest level in a month, in part reacting to news that Canada's long serving Federal Finance Minister, Jim Flaherty resigned. The Minister of Natural Resources, Joe Oliver, was announced as Flaherty's successor.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. The trade remains robust with 106.3% cumulative sales and 93.4% shipments of the USDA estimates completed for the 2013/14 marketing year. As well, the recent NOPA crush report has suggested that US crush estimates could exceed current USDA numbers. However, there is talk that 3 shipments of Brazil beans destined to China have been re-sold and rerouted to US customers and the Brazil harvest is 59% complete, slightly higher than last year, limiting upside trajectory.

Canadian delivered corn prices opened even this morning. There is news that Taiwan rejected offers for a 60,000 tonne tender citing high prices. Corn is still making its way out of the Ukraine and, in fact, there is news China has purchased two cargoes from the Ukraine. Unconfirmed intelligence from the University of Illinois is suggesting that while major agricultural elevators are situated outside but near Crimea (bearish influence), Russian forces could block ships if the tensions escalate (bullish influence). There is talk starting to surface about late planting in the US due to the cold, complicated by dryness.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		241.39 241.39	249.86 261.17	259.62 265.79	252.18 259.90	214.59 252.43	198.63 206.36	194.39 201.10	162.72 170.97	168.39 170.97
Maple Leaf Sig. #4		230.97 231.37	240.46 253.20	249.22 255.39	242.71 250.48	212.49 244.14	192.55 207.11	191.94 195.14	162.07 172.86	166.86 171.16
Soymeal Winnipeg Delivered	596	613	613	613	615	615	615			
Corn Winnipeg Delivered	183	186								

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h@ms District Meeting Schedule

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