



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, March 20, 2014

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

US Slaughter	
416,000	Wednesday
427,000	Wednesday (year ago)
W. Corn Belt	\$122.89
National Price	\$115.77
Daily Sig 3	\$251.82
Daily Sig 4	\$229.72
Thunder Creek	\$251.29
4-Month Fwd.	\$247.35
B of C Ex. Rate (Noon) \$1.1179 CAD/ \$0.8945 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 packers continue to bid up the price of live supplies in an effort to minimize the slaughter reduction that they have been forced to make. With the last two weeks' slaughter down about 6% compared to year ago levels, most packers are finding it difficult to maintain their normal 5 full day operating schedule. In addition, they are motivated to maintain production levels for more than just efficient operations; margins on wholesale pork cuts are the best they have been months. Lean Hog futures took a breather yesterday with traders questioning whether consumers will pay 30% more for pork if retailers and restaurants pass on the full effect of the record setting prices. Most technical indicators are of little value in this market as most suggest that the market is overbought, and has been for several weeks. However, the market is at risk of a sell-off as emotions are high and speculators holding long positions may look to consolidate their gains ahead of next week's release of the USDA Hogs and Pigs report. The Canadian Dollar is contributing positively to both cash and forward prices today, trading well under US\$0.8900 this morning and the lowest level in almost 5 years.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. The apparent price reaction to news of cancelled Chinese-Brazilian orders has been bullish so far amid tight supplies, but if enough orders are rerouted to the US, there is talk that an extra 50 to 60 million bu. could be added to US supply (a bearish influence). However, despite Brazil cancellations, the Chinese have not yet significantly cancelled any US orders, giving the market some mixed signals, yet proving to be supportive amid the uncertainty.

Canadian delivered corn prices opened higher this morning. US corn futures are trading lower. Other than the political unrest in the Ukraine, there is not much in the way of market-moving news for corn of late. And even in the Ukraine, there is talk that current grain handling and transportation is relatively unaffected, and that spring planting is starting up amid good weather in growing regions. Pre-USDA planting estimates are starting to come out; a private US firm has recently estimated 90.9 million acres for this year.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		247.58	250.26	260.08	253.11	219.21	203.15	198.66	166.24	171.94
		247.58	261.63	266.28	260.88	253.83	210.92	205.41	174.53	174.53
Maple Leaf Sig. #4		236.94	245.45	249.65	243.60	217.00	196.92	196.10	165.50	170.32
		237.34	253.66	255.86	251.42	245.50	211.58	199.31	176.35	174.64
Soymeal Winnipeg Delivered	596	613	613	613	615	615	615			
Corn Winnipeg Delivered	190	192								

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h@ms District Meeting Schedule

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