



Hog Margin Outlook

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Wednesday, March 26, 2014

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

US Slaughter	
418,000	Tuesday
430,000	Tuesday (year ago)
W. Corn Belt	\$126.23
National Price	\$123.47
Daily Sig 3	\$258.59
Daily Sig 4	\$244.93
Thunder Creek	\$258.85
4-Month Fwd.	\$238.06
B of C Ex. Rate (Noon) \$1.1176 CAD/ \$0.8947 USD	
Cash Prices Week Ending March 21, 2014	
Signature 3	111.96/246.82
Signature 4	101.88/224.60
h@ms Cash	101.20/223.10
Hylife	102.64/226.28
Thunder Creek	103.47/228.10
ISO Weans	\$91.50 US Avg.
Feeder Pigs	\$118.10 US Avg.
#1 Export Sows (+500lbs)	\$81.50

Forward contract prices opened lower this morning. US cash markets experienced some weakness in trade yesterday, with Mid-western packers dropping their bids by more than \$1.00/cwt after finding enough hog supplies to meet their reduced slaughter schedules. The recent break in cash market values has also contributed to a break in futures values, with the summer months trading at levels not seen for two weeks and close to \$10/cwt lower than contract highs. In fact, current cash prices are trading at a premium to all Lean Hog Futures contracts, a circumstance that has never before been experienced at this time of year. Futures are experiencing significant selling pressure as speculators sell out of their profitable long positions, ahead of Friday's Hogs & Pigs report. A survey of analysts done by the firm Urner Barry, has the Pig Crop number estimated at 96.4% of year ago levels, a significantly smaller reduction than has been talked about. However, the range of responses was huge (90.8% - 101.4% of year ago levels), suggesting significant uncertainty in the market. Urner Barry reported the average of the 'Kept for Marketing' category at 94.1% of year ago levels, which represent the inventory of hogs out to mid-Summer.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. The trade is expected to remain choppy as market participants position and re-position themselves ahead of the USDA reports released on Monday. Generally lower ending stocks are expected, adding nearby support, but a private planting estimate (81.2 mil.) show acres higher than the USDA's Outlook Forum (79.5 mil.) and higher than last year (76.5 mil.) on thoughts that farmers will shift acres from corn to soybeans.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. As with soybeans, the trade is preoccupied with pre-report positioning, resulting in some two-sided activity. A private firm has lowered planted acreage estimates to 93 mil. from 93.3 mil. acres; 2013/14 witnessed 95.4 mil. acres prompting some to identify this as proof corn acres will be shifted to soybeans. Fieldwork has begun in the south but soil temperatures lower than 50° F are preventing actual planting activity.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			233.67 244.93	243.40 249.54	237.66 245.35	214.98 240.02	198.05 206.77	194.87 201.55	167.62 174.82	172.25 174.82
Maple Leaf Sig. #4			225.39 238.08	234.11 240.26	229.24 236.99	213.44 232.52	193.57 208.08	192.99 196.17	166.20 177.15	171.38 175.06
Soymeal Winnipeg Delivered	606	616	616	616	617	617	617			
Corn Winnipeg Delivered	190	192								

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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