



Hog Margin Outlook

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Thursday, March 27, 2014

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

US Slaughter	
412,000	Wednesday
428,000	Wednesday (year ago)
W. Corn Belt	\$125.89
National Price	\$125.05
Daily Sig 3	\$257.13
Daily Sig 4	\$247.34
Thunder Creek	\$258.76
4-Month Fwd.	\$240.85

B of C Ex. Rate (Noon)
\$1.1143 CAD/ \$0.8974 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 higher this morning. US cash markets regained some of their early week losses yesterday, as market-ready hog supplies have been running about 3% lower than year ago levels but remain far from consistent. The result is choppy cash market trade with more modest moves given that packer operating margins have shrunk significantly from levels seen 3 weeks ago. Lean Hog futures are starting the day with solid gains as bullish supply fundamentals are more than offsetting large speculators reducing the size of their profitable net long positions. The USDA will re-release its highly anticipated 1st Quarter Hogs and Pigs report on Friday afternoon. However, market participants are divided on how significant the PEDv losses will be or how much the report will capture them, as reflected by the wide range of estimates shown in the table (right). Producers looking to add protection to the summer months should consider taking action before the end of this week as next week's market reaction to the report has a high degree of uncertainty.

Urner Barry's Pre-Hogs and Pigs Survey of Analysts

	Average	Range
All Hogs and Pigs	94.6%	92.0% - 97.1%
Kept for Breeding	99.4%	98.9% - 100.7%
Kept for Marketing	94.1%	91.2% - 96.9%
Dec - Feb Pig Crop	96.4%	90.8% - 101.4%

Canadian delivered soymeal prices opened higher this morning. While there is some talk that cancelled Brazil orders are making their way into the US, the general consensus is that this increase in imports will not offset the influence of a tight supply. We are entering the time of year when the Mississippi River exerts more influence over barge traffic and there is talk that river logistics are supportive this morning. The general sense that the USDA is underestimating planting intentions ahead of Monday's report gives the market a bearish tone further out despite recent supportive fundamentals.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Weather forecasts are suggesting a combination of cool, wet weather in the southern states and there is talk that this will prevent soil temperatures from rising above 50°F, thus delaying any thoughts of early planting in the region. Pre-report March 1 stock estimates have a range of over ~700 million bu., leading some to claim there is no real handle on the domestic supply of corn, adding to uncertainty and calls for a choppy trade ahead of the 31st.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			241.81 252.98	251.46 257.55	245.19 252.82	216.95 246.47	200.15 208.80	196.78 203.41	167.03 175.18	172.63 175.18
Maple Leaf Sig. #4			233.27 245.86	241.93 248.03	236.54 244.23	215.31 238.77	195.59 209.99	194.80 197.96	166.58 177.43	171.71 175.36
Soymeal Winnipeg Delivered	620	667	667	667	668	668	668			
Corn Winnipeg Delivered	190	192								

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WINNIPEG LIVESTOCK
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