



Hog Margin Outlook

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Monday, April 07, 2014

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

US Slaughter	
2.030 mil.	Last Week
2.097 mil.	Last Week (year ago)
W. Corn Belt	\$124.54
National Price	\$127.59
Daily Sig 3	\$250.61
Daily Sig 4	\$248.63
Thunder Creek	\$250.77
4-Month Fwd.	\$224.11
B of C Ex. Rate (Noon)	
\$1.0978 CAD/ \$0.9109 USD	
Cash Prices Week Ending April 04, 2014	
Signature 3	117.68/259.44
Signature 4	113.31/249.81
h@ms Cash	112.63/248.31
Hylife	112.51/248.05
Thunder Creek	118.25/260.70
ISO Weans	\$91.41 US Avg.
Feeder Pigs	\$139.14 US Avg.
#1 Export Sows (+500lbs)	\$86.00

Forward contract prices opened lower this morning. US packers pulled back cash bids hard in Friday's trade, as they try to maintain good operating margins in a highly volatile market. The move may have been initiated by weakness seen in wholesale pork prices earlier in the week, but the pork cut-out ended the week on firm note, supported by increases in loins and some lower grade cuts. Meat buyers are starting to push back on prices as some believe that the supply reductions due to PED virus are not as significant as what the market initially thought. In last week's trade, Lean Hog futures appeared to slowly come to this realization, influenced by the previous week's Hogs and Pigs report. Summer month contracts lost US\$9.00/cwt or about 7% of their value last week, in a move anticipating a topping action in the cash market. The June contract is now trading at a \$10/cwt discount to the cash market, in stark contrast to the typical pricing relationship at this time of year where June holds a premium of \$10/cwt to the cash market. Futures opened only slightly lower from Friday's limit down close, with traders waiting to see how the cash market will start this week.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is still finding support despite a number of factors that could influence prices lower in upcoming weeks. Chief amongst those factors is the expectation of a significant increase in soybean acres in the US this year, something that cannot be confirmed until the crop is in the ground more than 6 weeks from now. South American influence on the market has been bearish, with a good sized crop just becoming available to world buyers.

Canadian delivered corn prices opened even this morning. Corn futures remain on a cautious bullish trend, with no significant difference between old crop and new crop contracts. Wet weather in the south and east continues to support prices, as perceived planting delays are bullish to the market. On Wednesday, USDA will release its latest Supply/Demand estimates, with expectations for estimates of this year's ending stocks to fall to 1.4 billion bushels, down 50 million from last month's report.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		228.02 236.09	232.56 238.10	227.95 235.53	213.10 228.86	196.43 205.01	193.47 200.05	163.83 171.94	169.41 171.94
Maple Leaf Sig. #4		218.85 228.42	224.32 230.37	220.54 228.18	211.35 222.21	191.78 206.06	191.37 194.51	163.26 174.06	168.37 172.00
Soymeal Winnipeg Delivered	628	628	628	629	629	629			
Corn Winnipeg Delivered	191	195	195						

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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