



Hog Margin Outlook

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Tuesday, April 08, 2014

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

US Slaughter	
404,000	Monday
410,000	Monday (year ago)
W. Corn Belt	\$123.95
National Price	\$126.93
Daily Sig 3	\$249.26
Daily Sig 4	\$247.18
Thunder Creek	\$249.21
4-Month Fwd.	\$222.16
B of C Ex. Rate (Noon) \$1.0971 CAD/ \$0.9114 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)	\$91.50 cwt.

Forward contract prices opened lower this morning. US cash markets continue to cool down from their highs seen last week which broke through the \$130/cwt price level. Daily slaughter levels have stabilized around 403,000 hogs, except for Friday's when Smithfield's Tar Heel plant is not operating due to PED reduced supplies. Many traders and analysts anticipated a collapse of wholesale pork prices in advance of Easter, but the price movements have been more subtle than expected. Pork supplies are still extremely tight and demand will need to be rationed by those willing to pay the most for the product. Lean hog futures are taking back some of the gains made yesterday, but the summer month contracts are expected to find support from their large discount to the cash market. Currently, the June contract is trading at a steep discount to the cash market implying that the gains experienced in the cash market were overdone and unsustainable. Few traders believe that the daily hog slaughter can buck the normal seasonal trend and grow in the coming months, especially amid the effects of PED on hog supplies.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed as traders position themselves ahead of the next WASE report (released tomorrow) and wait for new information. For now, the old crop is supportive largely on the strength of tight stocks and high demand while new crop is seeing some pressure from the perceived shift in acres from corn to soybeans. The market is expecting a revised carryout of around 139 million bu. but will closely watch for any USDA revisions on the balance sheet elsewhere.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. An expectation that the USDA could revise lower the ending stocks number to 1.4 billion bu. is supporting the trade ahead of tomorrow's WASDE report. As well, weather issues have been a factor; soil temperatures in critical growing areas of the US have not yet consistently rose above 50°F leading to talk of potential planting delays and land along the Missouri River in the WCB will be in need of timely moisture immediately following field work.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		227.13 234.66	231.15 236.67	228.11 234.15	211.19 226.90	194.59 203.14	191.42 197.97	163.02 171.09	168.57 171.09
Maple Leaf Sig. #4		220.82 227.05	222.96 228.99	219.23 226.84	209.49 220.31	189.99 204.22	189.37 192.49	162.45 173.20	167.53 171.14
Soymeal Winnipeg Delivered	620	620	620	622	622	622			
Corn Winnipeg Delivered	191	195	195						

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WINNIPEG LIVESTOCK
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