



# Hog Margin Outlook

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Wednesday, April 09, 2014

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

US Slaughter	
416,000	Tuesday
412,000	Tuesday (year ago)
W. Corn Belt	\$123.25
National Price	\$126.75
Daily Sig 3	\$246.75
Daily Sig 4	\$245.72
Thunder Creek	\$246.65
4-Month Fwd.	\$223.01
<b>B of C Ex. Rate (Noon)</b> \$1.0922 CAD/ \$0.9155 USD	
<b>Cash Prices Week Ending April 04, 2014</b>	
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 mixed this morning.** US cash markets continued their decline from the highs put in last week, but are not collapsing rather just sinking lower on reduced support from product values. USDA reporting regions were down approximately \$1.25 in trade yesterday, with packers having an easier time sourcing supplies as represented by the daily hog slaughter estimated at 416,000 hogs, slightly larger than year ago levels. Alternatively, Lean Hog futures continue their steep downward trend with prices seeing heavy influence from large speculator selling, which is not unexpected with a record large long position held by the funds. Summer month contracts are now trading at levels not seen for a month, and down about 10% from their highs. But support is likely not that far away as June is already trading at \$12/cwt discount to the cash market when it typically trades at a premium of \$10/cwt at this time of year. Current summer month futures now reflect a 'hole' in pork production equivalent to 5% smaller than last year, which is nearing the results of the last Hogs and Pigs report.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher ahead of today's WASDE report as the market is generally expecting revisions lower to the carryout. There is also a general 'risk on' tone to the marketplace as the large funds continue a buying pattern that is supported by an already relatively low US ending stocks number, strong demand, wet harvest-delaying weather in Argentina (the rainfall could also damage yield) and downgrades to Brazilian production estimates.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Unlike soybeans, market participants vary widely on the outlook. Pre-WASDE estimates range unofficially between 1.478 billion (bearish) and 1.306 billion bu. (bullish); the general consensus for threshold is 1.4 billion bu. The bear camp points in part to weakness in feed demand overall while the bull camp identifies an uptick in US domestic use and an increase of corn used in feed as producers switch from wheat. WASDE will be released at 12:00 noon, Eastern.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		228.04 235.55	232.04 237.56	225.25 232.78	208.21 226.65	191.63 200.17	188.57 195.11	160.27 168.33	165.81 168.33
Maple Leaf Sig. #4		222.67 228.88	224.80 230.82	218.90 226.49	207.55 221.04	188.10 202.30	187.58 190.70	160.76 171.48	165.83 169.44
Soymeal Winnipeg Delivered	627	627	627	628	628	628			
Corn Winnipeg Delivered	191	195	195						

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